FINANCIAL TIMES

No. 30,148 *** Saturday January 31 1987

UK 40p U.S.A. $1.00 Canada C$1.00 Bermuda $1.50

WORLD NEWS

Botha sets date for whites' polls

South Africa's President P. W. Botha yesterday announced that whites would go to the polls on May 6. In London, the resignation of Pretoria's ambassador, Denis Worrall, indicated further disenchantment within the ruling National Party about the pace of reform.

Mr Worrall, a former National Party, MP, is expected to contest the election as an independent. He said it was time for "bridge-builders" within South African communities to make themselves heard. Back Page; Analysis, Page 3; Man in the News, Page 10

Belfast explosion

The IRA claimed responsibility for a car bomb which injured four policemen in Queen Street, Belfast.

More BT talks likely

Talks aimed at ending the strike by British Telecom engineers are expected to continue over the weekend. Back Page; Jobs outlook, Page 9

Milne faced choice

It emerged yesterday that Alasdair Milne, who stepped down on Thursday as the BBC's director general, was offered the choice of resignation "for personal reasons," with compensation, or dismissal. Back Page; Milne years, Page 10

French veto troop plan

France rejected US-backed proposals about talks aimed at cutting Europe's conventional forces. Page 2; Trident defence, Page 4

Manila to arrest general

Philippines army chief ordered the arrest of a general and three colonels implicated in this week's revolt. Page 3

Druze search for Waite

Druze militia chief Walid Jumblatt stepped into the search for Church of England envoy Terry Waite as reports claimed he had been seen in Lebanon's Beka'a Valley. Page 3

Ulster petition total

Ulster Unionist leaders said they had collected 402,000 signatures for a royal petition requesting a referendum on the Anglo-Irish accord. Page 6

Spanish bus bomb

A bomb, planted by suspected Basque terrorists, blew up a Spanish military bus in Zaragoza, killing the driver and a major and wounding 41 people.

Liberian air deaths

An army aircraft in Liberia, West Africa, plunged into the sea after take-off at Monrovia, killing 16 of the 18 people on board.

Milk powder export ban

Port officials in Bremen, West Germany, stopped the export of Bavarian milk powder, made highly radioactive by the Chernobyl disaster. Page 2

Ex-banker jailed

Former Morgan Guaranty Trust banker Antonio Gebauer was jailed in New York for three and a half years and fined $100,000 (£65,000) for bank fraud. Page 2

Warning to Anderton

Greater Manchester police authority said it would seek disciplinary action against Chief Constable James Anderton if he spoke out controversially again.

Up for the Cup

A quarter of a million people poured into the Australian port of Fremantle — population 23,000—for today's America's Cup final. The US yacht Stars and Stripes is 6-4 on to beat Australia's Kookaburra III. Weekend FT XX

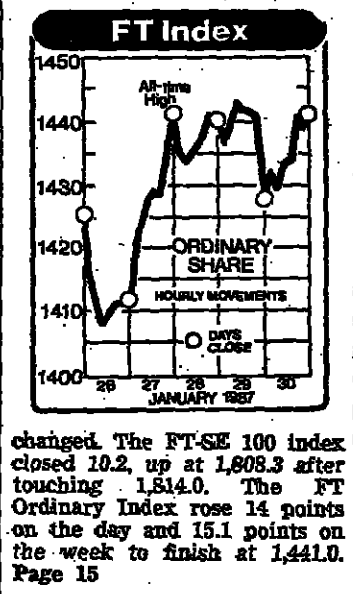
BUSINESS SUMMARY

Sweden imposes price freeze

SWEDISH Government yesterday imposed a price freeze in a panic move to try to stem trade union demands for a renegotiation of the existing two-year national wage agreements.

Trade unions are due to decide next week on whether to demand a new round of potentially inflationary pay talks. Back Page

UK SECURITIES market showed a mixed response to the latest US trade figures. Equities rebounded smartly early on, aided by the dollar's surge but prices ended little



changed. The FT-SE 100 index closed 10.2, up at 1,808.3 after touching 1,814.0. The FT Ordinary Index rose 14 points on the day and 15.1 points on the week to finish at 1,441.0. Page 15

TOKYO'S NIKKEI Dow market index climbed 127.3 points to a record close of 20,048.35. The surge was fuelled by falling interest rates, Wall Street's rally and expectations of further gains. Page 14

JAPAN'S current account surplus jumped to a record $9.4bn (£6.1bn) in December, bringing the year's trade surplus to $85.9bn. Page 3

ITALY's trade deficit dropped by more than 80 per cent to L3,717bn (£1.9bn) last year, mainly because of reduced oil prices.

CARGILL INVESTOR Services said its floor manager at the London International Futures Exchange, Keith Catchpole, had left the company. Mr Catchpole had been relieved of his duties pending the outcome of a Liffe inquiry into apparent breaches of its rules.

EEC plans to seek an injunction in the European Court of Justice obliging Bonn authorities to co-operate with the Commission's attempts to gain access to the files of West German chemicals group Hoechst, as part of a probe into a suspected plastics cartel.

WARDAIR INTERNATIONAL, Canadian airline, signed a contract worth more than $670 (£442.4m) for 12 Airbus Industrie A310-300 aircraft yesterday, concluding the largest purchase in its history.

SHADOW CHANCELLOR Roy Hattersley said "merger mania" was causing long-term damage to the economy and must be reduced. Page 4

AUSTIN ROVER will obtain only a few voluntary redundancies among the 1,265 white-collar job cuts it announced on Thursday, union leaders said. Page 4

SKANDIA, leading Swedish insurance group, said its 1986 operating profits on non-life insurance totalled SKr 840m (£85.87m) compared with a loss of SKr 208m in 1985. Page 13

ROCKWARE GROUP, glass bottle maker, is almost doubling its equity base with a £24.2m rights issue. The cash is to be used to expand business in plastics and speciality glass and rebuild the balance sheet. Page 12; Lex Back Page

MARKETS

DOLLAR

New York lunchtime:
DM 1.832
FFr 6.1065
SFr 1.545
Y153.55

London:
DM 1.832 (1.787)
FFr 6.1075 (5.9625)
SFr 1.544 (1.502)
Y153.55 (151.95)

Dollar index 104.3 (103.1)
Tokyo close Y152.3

US LUNCHTIME RATES

Fed Funds 6¼%
3-month Treasury Bills: yield: 5.75%
Long Bond: 100¼ yield: 7.46%

GOLD

New York: Comex April latest $408.0
London: $404.35 ($409.0)

STERLING

New York lunchtime $1.5143
London: $1.5135 (1.5375)
DM 2.7725 (2.7475)
FFr 9.245 (9.1675)
SFr 2.3375 (2.31)
Y232.5 (233.5)
Sterling index 68.5 (68.8)

LONDON MONEY

3-month interbank: closing rate 11 1/8 % (same)

NORTH SEA OIL

Brent 15-day Feb (Argus) $18.35 (same)

STOCK INDICES

FT Ord 1,441.0 (+14.0)
FT-A All Share 903.29 (+0.5%)
FT-SE 100 1,808.3 (+10.2)
FT-A long gilt yield index: High coupon 10.02 (10.0)
New York lunchtime: DJ Ind Av 2,147.22 (−12.79)
Tokyo: Nikkei 20,048.35 (+127.3)

Chief price changes yesterday. Back Page

CONTINENTAL SELLING PRICES: Austria Sch 20; Belgium BFr 45; Denmark DKr 9; France FFr 6.50; W Germany DM 2.20; Ireland 60p; Italy L1,600; Malta 30c; Netherlands Fl 3; Norway NKr 7.00; Portugal Esc 100; Spain Pta 125; Sweden SKr 8.00; Switzerland SFr 2.20

US trade hopes rise as deficit declines by $5bn in December

BY NANCY DUNNE IN WASHINGTON

HOPES for a long-awaited turn around in the US trade position increased yesterday with the release of Department of Commerce estimates showing that the country had a trade deficit of $169.8bn (£112.2bn) last year.

Although this was a record, it was substantially lower than expected, due to a fall of nearly $5bn in the deficit for December, and a November deficit sharply lower than originally reported. The annual figure compared with a deficit of $148.5bn in 1985.

Some top trade officials have been hoping for a turn around reflecting the sharp decline of the dollar over the past two years. Any sustained improvement would come as a relief to the Reagan Administration, which has been facing growing protectionist sentiment from a Congress now controlled by the oppsition Democrats.

Congress is working on legislation aimed at increasing exports and taking retaliatory action against countries which do not open their markets to US goods.

Mr Malcolm Baldrige, the US Commerce Secretary, said the estimated December deficit of $10.7bn—down from $15.4bn in November—was a "dramatic improvement" for US trade, particularly given the lower deficit in the month for manufactured goods.

The revised November figure, also released yesterday, was down from the originally reported $19.2bn.

> THE DOLLAR soared in hectic trading yesterday, as the market was buoyed by better US trade deficit figures for December and hopes that the Group of Five leading industrial nations would meet for discussions on stabilising currencies.
>
> It closed in London at DM 1.832, sharply above Thursday's DM 1.787. It also rose sharply against the Japanese currency to close at Y153.55 compared with Y151.95.
>
> Full story, Back Page; Money markets, Page 15

Mr Baldrige said: "The revised trade figures indicate thta the high water mark for the deficit on a monthly basis was reached in July, and on a quarterly basis in the third quarter."

Other officials said, however, that the December figure could not be seen as concusive proof of a final turn around in the trade position.

In testimony on Capital Hill, Mr James Baker, the US Treasury Secretary cautioned that "we ought not to put too much faith on these month-to-month figures."

Trade figures had been erratic, he added, "and while it may be safe to conclude that the trade deficit has levelled off, it is too early to is tya"mya off, it is too early to say it is declining."

Balance of payments estimates, which are considered more accurate in tracking trade flows, have yet to be released for the fourth quarter of last year. For each of the first three quarters, they hovered near $36bn, leading some economists to predict that the US trade deficit on a balance of payments basis would turn out at about $140bn for the year.

The fourth quarter merchandise trade figures—on a month-to-month basis—indicate, at the very least, a sharp slow down in the trade deficit rise. For the fourth quarter of 1986, the shortfall was $41.9bn, up from $40.9bn in 1985 and $27.9bn in 1984.

Some economists note a rise in US trade volumes, not reflected in the merchandise trade figures, because of the decreasing value of the dollar.

Export volume rose 3 per cent in the second and third quarter and 2 per cent in the first quarter. The fourth quarter statistics are not yet available.

The commerce department said the November and December figures could be abberations, caused by a user's fee on imports imposed on December 1, which may have caused some importers to rush in their goods in November.

Car imports in December

Continued on Back Page
Japan's record trade surplus, Page 3
Editorial comment, Page 10

Russia to review 10,000 requests to emigrate

BY PATRICK COCKBURN

THE SOVIET UNION is to release two well-known dissidents from a labour camp and re-examine the cases of 10,000 people, almost all Jewish, previously refused permission to emigrate.

The moves, announced yesterday, are a significant shift in Soviet policy on the emigration of Jews, and indicate that Moscow is determined to defuse the human rights issue as quickly as possible, a Western diplomat said.

The two prisoners to be released are Mr Anatoly Koryagin and Mr Sergei Khodorovich, probably the best-known political dissidents still detained. They will be allowed to emigrate to the West, the wives of the two men have been told in the past few days.

The decision to review the cases of between 8,000 to 10,000 citizens refused permission to emigrate was announced by Mr Samuel Zivs, chairman of the Soviet Anti-Zionist Committee, who said that 500 Soviet Jews had received permission to emigrate this month and added "That is only the beginning."

The number of Soviet Jews refused permission to emigrate in the past, and frequently referred to as "Refuseniks," is estimated at 11,000.

Mr Zivs, who acts in effect as a Soviet spokesman on Jewish emigration, announced the change of policy during the recording of a US television programme in Moscow.

The decision is in line with the Kremlin's wish to resolve the issue of political prisoners and Refuseniks as quickly as possible to improve the image of the Soviet Union abroad.

Dr Andrei Sakharov, the nuclear physicist and best-known dissident, was allowed to return from exile in the town of Gorki in December.

A diplomat in Moscow estimated yesterday that there were probably between 750 and 900 political prosiners in the country. He said that if people imprisoned for illegal religious activity, such as Pentecostalists and Seventh Day Adventists were included, the total might be 2,500.

Mr Koryagin, a psychiarist sentenced to 12 years in labour camp and internal exile for anti-Soviet agitation in 1981, was formerly a consultant to the group monitoring Soviet compliance with the Helsinki Agreement on human rights.

Mr Khodorovich, a computer programmer who channelled money to the families of jailed dissidents, was arrested in 1983.

The Soviet authorities introduced a new law from January 1 this year aimed at simplifying emigration for Soviet citizens wishing to leave the country, but this was criticised for narrowing the grounds for

Continued on Back Page
Israeli and Soviet officials meet in Washington, Page 3

City yuppies catch swine fever

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

"Pass the Pigs" has become a trendy catch-phrase in City circles in recent weeks — but has nothing to do with either corporate fraud or speculating in pork-belly futures.

Rather, Pass the Pigs is the latest trivia game which has caught hold of the imagination of City yuppies eager for release from the daily tensions caused since Big Bang.

Demand for the £4.95 game —which has sold out in many toy shops in London and elsewhere — has taken US toy company Milton Bradley by surprise.

Mr Gavin Welman, marketing director, admits: "We were caught a bit flat-footed by the surge in demand before Christmas. The game sold out everywhere within weeks. I have never seen anything like it."

Virgin Games in Oxford Street, for example, said yesterday that "demand was so great for this game that it would undoubtedly have made our top five best-sellers list at Christmas if we could have obtained more supplies."

Mr Welman's mystification arose because, until December, Pass the Pigs had been an almost unnoticed part of its toys and games range aimed at five-year-olds and over. The game had come on to the market in 1984 and sold steadily, if unspectacularly, in about the fourth division of the games league.

Yet late last year the game took off and most of the entire stock of about 35,000 was sold in the last few weeks of the year.

Mr Welman recalls: "We began to suspect something was happening when we started getting desperate letters from members of the public asking to by 40 or so of the games to give to friends and business contacts."

It is the sort of unexpected success that makes the toy trade one of the most volatile leisure markets. Moreover, it is just the type of product that many trade delegates will be eagerly searching for at the Earls Court exhibition centre in west London when the British International Toy and Hobby Fair opens today.

Pass the Pigs involves two or more players throwing two small replica pigs on a table top — known as the pig-sty — and scoring points according to the way they land. 'It is really just a variation on the game of dice but with a bit more style," says Mr Gareth Robertson, a stockbroker with Savory Milln and a keen player.

If one pig lands on all fours, for example, this is called a trotter and the thrower earns five points.

Continued on Back Page

Take-over Panel tightens rules on disclosure

BY MARTIN DICKSON

THE TAKE-OVER PANEL last night announced important changes to the rules governing UK takeovers which wil ensure much greater disclosure of share dealings during bid battles. The changes are in response to the Guinness scandal.

Anyone owning or controlling more than 1 per cent of the shares of a company involved in a takeover will have to disclose any dealings made in those companies' shares during the bid. Until now disclosure had not been necessary until a 5 per cent stake was held.

Furthermore, the owners of such stakes, as well as parties to the takeover and their associates, will no longer be able to hide behind nominee or vehicle companies. The owner, or controller of the securities, will have to be named.

The rules, if obeyed, will make it much more difficult to rig a company's share price through selective buying or selling during a bid. They will also make much more transparent the activities of professional arbitrageurs — dealers who buy shares during a bid in the hope of selling out at a profit.

The rules are part of a package of measures to strengthen the Take-over Panel, a self-regulatory City body, which were foreshadowed in the Commons earlier this week by Mr Paul Channon, Trade and Industry Secretary.

The panel and the Stock Exchange also announced last night they would be co-operating more closely to detect the manipulation of share prices. The exchange—which since last October's market deregulation has much more sophisticated access to dealing data—will "monitor all shares price movements and dealings in the shares of offeror and offeree companies during contested takeovers and will, at the request of the panel, carry out further investigations as necessary."

The new rules, which will come into effect on February 16, include:

- Disclosure of share dealings by the parties to a bid and their associates is to be standardised — the panel will issue a specimen form — and made more complete. Among other things the parties will have to state publicly are the identities of the person dealing, and the owner or controller of the securities, and the resultant shareholding. Associates will have to explain why disclosure is necessary.
- The takeover code's definition of an "associate" is being changed. At present this covers a variety of advisers as well as someone holding 10 per cent or more of a predator or target company. This is being reduced to 5 per cent and means anyone holding such a stake in either company must disclose any dealings in each of them.
- Under the existing rules, anyone holding over 5 per cent of a company involved in a bid must disclose any share dealings in that company the day after making them. This now applies to anyone controlling 1 per cent or more—and again such shareholders cannot hide behind nominee names.
- The code currently insists on the disclosure of the arrangement by anyone who has an agreement under which a party to a bid bears the risk of any dealings in the companies' shares. The new rules extend this to "all types of inducement to deal or refrain from dealing." These dealings must also be disclosed in bid documents, as must those by each company's close advisors.

The changes were announced too late last night for much City response, but several merchant bankers welcomed them. They said greater disclosure would make the conduct of bids more efficient.

The Take-over Panel might still have difficulty forcing overseas nominee shareholders to reveal the identity of the beneficial owner of the stake. The panel, however, indicated last night it would apply strong pressures on London stockbrokers handling such accounts to ensure compliance.

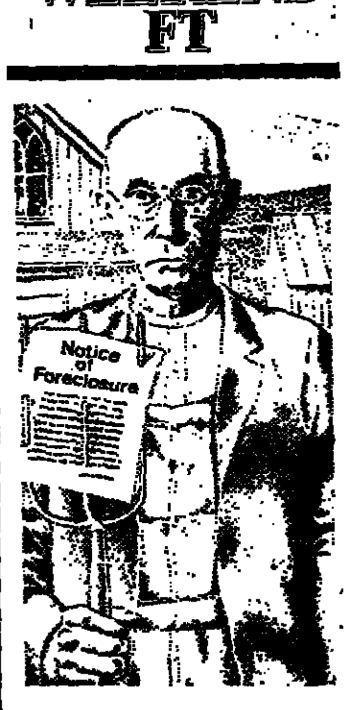
Had the new rules been in effect during last year's £2.5bn takeover bid by Guinness for Distillers, and had they been obeyed, they might have helped detect the huge, illicit share-buying programme which artificially boosted Guinness's share price.

However, it appears there may have ben breaches of both the Companies Act and the existing takeover code during that battle. The panel said yesterday it must await the report from Department of Trade inspectors into the Guinness affair before publishing any findings of its own. It seemed likely, however, there were "material, and it could well be in some cases deliberate, breaches of the takeover code. These concern disclosures of dealings which should have been made but were not."

Furthermore, if any of the persons who received a secret undertaking of support or benefit from Guinness or its agents, with Guinness, purchased shares

Continued on Back Page
Hattersley calls for tougher policy, Page 4
Lex, Back Page

WEEKEND FT



GO BROKE

Foreclosures and bankruptcies are becoming part of the American way of life for smallholders in the Mid-West, page I

FINANCE

Huge quantities of personal data are stored in computers used for assessing our creditworthiness. Louise Patten investigates the impersonal touch. page XII

DIVERSIONS

Rice is nice. Rice is healthy. Rice is white, brown, wild and delicious in many a dainty dish. page XVI

COLLECTING

Sotheby's Index reflects a strong market in fine art. page XIII

CONTENTS

BBC: The Milne years 10
Cazenove: Fortunate in its friends 10
Man in News: Denis Worrall, departing S. African ambassador to Britain... 10
Lurching dollar: Beauty and the beast 11
Terrorism: Oh, what a slippery war! 11
Editorial comment: The ice begins to crack 10

Bank Return	17	Foreign [illegible]	19	Money Markets	15	UK News:	
Base Rates	3	Gold Mk[illegible]	13	Overseas News	2, 3	General	4-8
Bldg. Soc. Rates	11	Intl. Co.[illegible]	13	Recent Issues	12	Labour	9
Commodities	13	Leader P[illegible]	10	Share Information	20, 21	Unit Trusts	17-19
Company News	12	Letters	11	SE Dealings	16	Weather	22
Economic Diary	8	Lex	[illegible]	Stock Markets:			
European Options	17	London [illegible]	[illegible]	London	15	ANNUAL STATEMENTS	
FT Actuaries	16	Man [illegible]	[illegible]	Wall Street	14	Gallaher	4
				Bourses	14		

For London market and la[illegible] the 01-246 8026; overseas markets 01-246 8086

White House claims report clears Reagan

BY LIONEL BARBER IN WASHINGTON

THE WHITE HOUSE yesterday welcomed the release of the Senate intelligence committee report on the Iran arms scandal, claiming it cleared President Ronald Reagan of involvement in the secret diversion of funds to Contra rebels in Nicaragua.

The report — the most comprehensive account of the scandal available—was released on Thursday evening following intense pressure from the White House and Republicans on the committee. In their calculation, it was better to publish a damaging report now than endure damaging speculation about the President's role for the next few months.

Democrats said the 63-page chronology finds no evidence that Mr Reagan knew or approved of the funds diversion. The report is, however, by no means the last word on the affair. Two separate bi-partisan committees in the Senate and House of Representatives have opened their own investigations which will take at last six months.

Hearings are likely to begin next month on alternative weeks, ensuring maximum publicity to the affair.

The report contains damaging discrepancies in the testimony of two top Reagan Administration officials: Mr William Casey, the director of the Central Intelligence Agency, who is recovering from brain surgery, and Mr Donald Regan, the White House Chief of Staff whose future is in some doubt.

It also suggests that Israeli Government officials were a powerful influence on the original decision to sell arms to Iran and were also involved in sending captured Soviet bloc arms to the Contra rebels in Nicaragua.

The White House acknowledged yesterday for the first time secret US dealings with Iran "could be interpreted as a trade of arms for hostages."

Carlucci embarks on tour to assess Contra support

BY LIONAL BARBER IN WASHINGTON

MR FRANK CARLUCCI, the Reagan Administration's new National Security Adviser, met with top military and government officials in El Salvador yesterday as part of a three-day fact-finding mission in Central America aimed at assessing support for the Contra rebels in Nicaragua.

Mr Carlucci's trip comes amid signs of intense infighting within the Contra rebel movement and bleak forecasts of the Contra's chances of defeating the forces of the leftist Sandinista Government in Nicaragua.

The prevailing wisdom in Washington is that the Contras need some decisive military successes if they are to have any hope of securing further military aid from the Reagan Administration, particularly in the light of the Iran arms scandal.

President Reagan vowed in his State of the Union speech to fight off any effort to shut off aid to the Contras. But US officials privately acknowledge they are worried by the lack of unity within the rebel movement, highlighted this week by reports that the rebel civilian leader Mr Arturo Cruz intends to resign.

The Carlucci mission is aimed to stiffen the resistance but also to seek further support from Central American governments such as Honduras, Costa Rica and El Salvador. Mr Carlucci met with the Honduran President on Thursday and was due to meet President Napoleon Duarte of El Salvador yesterday.

Last year, Congress approved $100m of military aid to the Contras, of which $60m has already been released and $40m will flow through next month. The Reagan Administration is likely to ask for at least as much again this year.

Former banker jailed for defrauding Morgan

BY WILLIAM HALL IN NEW YORK

MR ANTONIO GEBAUER, the former international banker who used to run Morgan Guaranty's Latin American operations, has been jailed for 3½ years after pleading guilty to defrauding Morgan of $4.3m.

Federal Judge Robert Sweet described the 46-year-old Mr Gebauer as a "fallen angel of the banking world" who had a "princely income" but spent "like an emperor." The Colombian-born Mr Gebauer was one of the more colourful figures on the international banking circuit at the height of the Third World debt crisis four years ago and used to throw lavish parties at his fashionable Long Island estate before his abrupt resignation as a senior vice-president of Morgan Guaranty in 1985. He subsequently joined Drexel Burnham Lambert, the New York investment bank, but resigned last May.

In October he pleaded guilty on charges of tax evasion and making unauthorised withdrawals from the accounts of several wealthy Brazilian clients of Morgan Guaranty, the most prestigious US money centre bank. Mr Gebauer, who said yesterday that the prospect of prison "makes me very frightened," added that he had always intended to repay the money with interest, but his "life got out of control."

Judge Sweet said that it was not every day that he had the task of sentencing a man "who single-handedly directed" millions of dollars to his own use from the accounts of a prestigious bank. Mr Gebauer, who faced up to 20 years in prison, is repaying $8.2m to the bank and certain of its customers.

Senate agrees homeless aid

The US Senate passed emergency legislation early yesterday to provide $50m in aid for the homeless, AP reports from Washington

The House of Representatives passed the bill on Tuesday but the Senate, in approving it 77-6, amended the measure, so it must be returned to the House for further consideration.

The Senate approved an amendment that earmarks $5m of the total for mentally-ill, homeless veterans of the armed forces.

Under the measure, $50m would be added to the $70m already allocated this year to the emergency food and shelter programme. The new funds would be taken from the Federal Government's disaster relief programme, which provides assistance to victims of natural disasters.

The money would be made available to groups that distribute aid to the homeless, including the American Red Cross, United Way and Catholic Charities.

Argentina poses arrest threat to trawlers

By Tim Coone in Buenos Aires

FOREIGN trawlers venturing outside the 150-mile Falkland Island fisheries management zone (FICZ) which comes into force tomorrow face possible arrest by Argentine coast guard and naval vessels.

Mr Dante Caputo, the Argentine Foreign Minister, said in a local radio interview on Thursday evening that Argentina will exercise jurisdiction over what it claims as its territorial waters in the south Atlantic "up to 200 miles measured both from the mainland and from the Malvinas."

He said that the 150-mile FICZ will be respected to avoid confrontation with British naval ships and fisheries protection vessels but "outside the 150 miles we are going to exercise our jurisdiction."

The decision will create serious problems for foreign trawlers which have applied for British licences to fish within the FICZ. To enter or leave the FICZ they will have to cross a 50-mile "ring" patrolled by Argentine vessels. If they are detained for inspection of their logbooks the trawler captains may face confiscation of their catches and gear and fines of up to $1m if it is proved they were fishing within waters claimed by Argentina.

Furthermore, fishing industry experts believe that it will be unprofitable for foreign trawlers to restrict themselves to fish only within the FICZ, and that to fill their holds they will be obliged to venture into waters which will now be more actively patrolled by the Argentine navy.

Unofficially it is expected that a "buffer zone" of 10 miles extending beyond the edge of the FICZ will not be ventured into by Argentine ships to avoid confrontation with the Royal Navy.

But beyond the buffer zone foreign trawlers which do not have permission from Argentina to fish will be subject to arrest.

Brazil raises prices despite wages impasse

By Ivo Dawnay in Rio de Janeiro

THE BRAZILIAN Government has begun raising retail prices in spite of an apparant impasse in talks with the unions over wage increases.

President Jose Sarney had hoped that a social pact on salaries and prices could be agreed this week, with senior officials adding that the absence of the deal could force the government to act unilaterally.

On Thursday night, however, Mr Almir Pazzianotto, the Labour Minister, was ready to abandon the talks with no government proposal apparently in sight.

In the absence of an agreement, Mr Dilson Funaro, the Finance Minister, decided to press ahead with price rises allowing increases of up to 28 per cent on a range of domestic electrical goods. The decision provoked a new row between the ministers with Mr Pazzianotto saying it was precipitate and would damage any hopes of an agreement

Mr Funaro said special supply problems in the electricals sector had forced action, which should not affect the low paid. The continued question mark over pay has added to uncertainty about the economy, and a growing clamour of union militancy.

At the same time employers are unclear as to how to pitch their price rise demands, when wage bills remain an unknown quantity. Union leaders have been demanding staged increases to take the national minimum salary from its current Cz 964 ($60) a month to Cz 4,884.

The government has been discussing the possibility of aiming at a basic monthly rate of Cz 1,645.

Robert Graham and Tim Coone assess the chances of conflict as Falkland's deadline nears

Argentina takes cautious line on fishing zone

PREDICTIONS can be foolhardy in international relations, especially where Britain and Argentina are concerned. The British Government is, however, remarkably confident that when the 150-mile fisheries protection zone comes into force around the Falkland Islands on February 1 no serious incidents with Argentina will occur.

Mr Timothy Eggar, a junior Foreign Office minister, told a recent meeting of the House of Commons Select Committee on Defence: "We are reasonably confident there will be no determined effort to break the (new fishing) regime."

The Argentine Government too has been cautious, in marked contrast to its bellicose protests when Britain announced the fisheries protection measures last October. Mr Dante Caputo, the Argentine Foreign Minister, in his latest reference to the issue, said Argentina should show "firmness and prudence," limiting itself to "peaceful and effective backing" of his country's rights in the disputed waters.

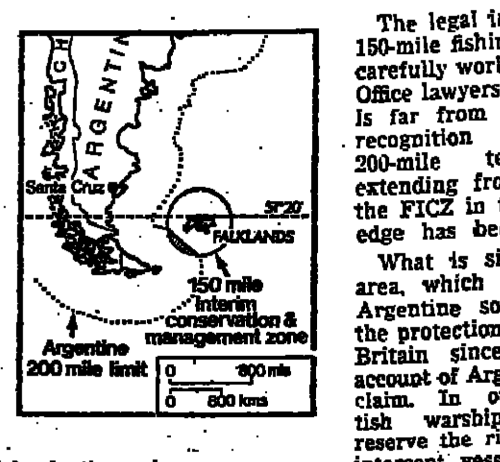
The Argentine Navy and coastguards have let it be known that they will be respecting a 10-mile "buffer zone" to prevent possible clashes and allowing an adequate margin of error for fishing vessels. Such a buffer zone has been in force tacitly since 1982.

The US Government, which was unhappy about Britain declaring the FICZ (Falkland Islands Interim Conservation and Management Zone) is understood to have put strong pressure both on Whitehall and Buenos Aires to avoid incidents. The US has offered its good offices to ensure that "tripwire" mechanisms exist.

The Soviet Government, which last July signed a bi-lateral fishing deal with Argentina, has given assurances to Britain that it will respect the FICZ. The Soviet fishing fleet has been the largest operating in Falklands' waters but along with Bulgaria and East Germany has not applied for licences to fish in the FICZ.

Licences have been issued to Polish fishing companies and Spanish groups—the latter also having joint ventures with Argentine companies to fish in Argentine waters.

Both sides are nevertheless aware of the dangers in the situation. Almost one third of the FICZ extends over waters claimed by Argentina as part of its own 200-mile territorial zone. This is quite separate from the latter's sovereignty claim to the islands themselves.



The most likely point of potential conflict is where trawlers stray outside the FICZ. Mr Julio Torres, editor of the Argentine fisheries magazine Redes, says many foreign trawlers could find the FICZ uneconomic and will be tempted to move north for the valuable squid up to the 200-mile territorial limit claimed by the UK around the islands and contested by Argentina.

Most of the incidents last year occurred there. Argentine coast guards arrested five vessels and fired upon two the most serious incident being the crippling of a Taiwanese trawler.

The legal implications of the 150-mile fishing zone have been carefully worked on by Foreign Office lawyers, but the situation is far from clear. Indeed, in recognition of Argentina's 200-mile territorial claim extending from its own coast, the FICZ in the south western edge has been shortened.

What is significant, in this area, which is closest to the Argentine southern mainland, the protection zone enforced by Britain since 1982 takes no account of Argentina's territorial claim. In other words British warships and aircraft reserve the right to patrol and intercept vessels in a slightly larger area and closer to the Argentine coast.

Britain has made a point of delegating fisheries protection to the Falklands Government. It is being carried out by two civilian vessels on hire and one aircraft.

Argentina still has not formally ended its state of belligerency with Britain. Last November President Raoul Alfonsin offered to end hostilities provided Britain removed the protection zone.

Mrs Margaret Thatcher, the British Prime Minister, views the protection zone as a necessary safety net to ensure proper protection of the fishing regime—at least for this season.

The possibility of hardline elements in the Argentine Navy challenging the new regime cannot be ruled out, especially in waters to which Argentina has a recognised legal claim.

For the high season (February to June) 230 licences have been granted. This means that roughly one-third fewer vessels will be fishing than during the same period last year—underlining Britain's commitment to ensure proper management and conservation of fish stocks. Conservation of fish stocks and the failure of a British initiative for the multi-lateral regime to control fishing via the UN Food and Agriculture Organisation was the justification for Britain's unilateral move.

With each licence costing £50,000 to £60,000 the Falklands Islands Government will be earning some £7m from fees. It will, however, have to pay £4m for civilian fisheries protection.

Since the licence fee is based on 5 per cent of estimated catch, the rough total catch value in the high season could be a minimum £230m. The main catch is squid, the *lolligo argentinus*, but there are also hake and blue whiting.

EEC farmers attack US grain pact

BY GEORGE GRAHAM IN PARIS AND TIM DICKSON IN BRUSSELS

EUROPEAN farmers yesterday reacted angrily to the terms of the EEC's agreement to provide compensation to the US for grain sales lost to the Community because of Spain's accession.

The compensation agreement was formally signed yesterday by all EEC states, but only after some tough bargaining which lasted into the early hours of yesterday morning.

European maize farmers say they are the main victims of the agreement, which will allow the US to ship 2m tonnes of maize and 300,000 tonnes of sorghum to the EEC at reduced prices. They have threatened legal action to obtain compensation.

In France, which accounts for more than 50 per cent of the Community's 24m-tonne maize output, farmers warn that they may start demonstrations against the accord next week.

They feel they have been outflanked by the cognac lobby—which wins from the US-EEC accord the lifting of a threatened 200 per cent duty on brandy exports to the US—and may have to take their case to the streets.

In Britain, Mr Simon Gourlay, prsident of the National Farmers' Union, said the EEC concessions had gone too far. The agreement would "aggravate the EEC surplus problem, drive more grain into intervention and add to the cost of the Common Agricultural Policy."

"Producers cannot be expected to bear the costs of what is essentially a political decision," he added.

Thursday's meeting of EEC ambassadors in Brussels, which was called to ratify the agreement, was unexpectedly prolonged when the Spanish delegation sought reassurances from the European Commission over their concern that the four-year agreement could disrupt their own domestic market

Representatives of the French grain producers said yesterday that the US had played its cards skilfully and attacked the European Commission and the Community governments for "giving in without a fight."

Other cereal producers are not so directly affected, but they fear the accord will depress the overall cereal market and have joined the maize farmers in their protest. They estimate the agreement could reduce wheat prices by as much as FFr 20 a tonne.

Germans fall out over milk sale to Africa

BY PETER BRUCE IN BONN

THEY MAY not know it in Lobito or Luanda in Angola, but a train-load of Bavarian powdered milk, possibly destined for the war-torn country, has become famous in West Germany.

The state Government of Bavaria has so far fought off attempts to stop the sale, at rock-bottom prices, of 3,000 tonnes of the milk as animal feed to Angola, Egypt or as yet unnamed countries.

Munich has not specified the kind of animal it expects to enjoy a feedstuff derived from powdered milk. But what is known is that the entire load, 150 rail cars full, is highly radioactive and hardly fit for a human to look at, let alone consume.

The milk was contaminated last year when the reactor at Chernobyl in the Soviet Union blew up, sending a radioactive cloud over western Europe. A dairy near Rosenheim, south-east of Munich, subsequently condemned the milk powder and until recently all 150 wagons had been lying in the local station while the authorities tried to decide what to do with it.

Suddenly, things began to move. One hundred of the rail cars are now in Bremen harbour and the other 50 in Cologne, after someone bought the stuff and asked the Bavarian Government for authority to export it.

The left-wing Government in Bremen was shocked last Thursday to find radioactivity of 5,836 Bequerel per kilo in the powder. It stopped unloading of the material and is expected to order it to be returned to right-wing Bavaria. The authorities in Cologne are expected to do likewise.

Animal feed, according to European Community rules, may contain radioactivity of up to 1,850 Bequerel per kilo. But what worries the Bremen au what worries the Bremen authorities is that the powdered milk, once it has been converted to feedstuff, may not be fed to animals but be eaten by humans.

The city's major, Mr Klaus Wedermeier, wants the Bavarians to reject the export application.

In Munich the environmentalist Green party has pounced upon the isue with predictable glee. During questioning in the Bavarian state parliament, the Environment Minister, Mr Alfred Dick, claimed not to know if Angola was the destination for the powder.

A Green effort to have the powder disposed of as radioactive waste was rejected by the ruling Christian Social Union (CSU.

The buyer and prospective exporter, Lopex Export, insisted yesterday it would export the powdered milk and said the train load could not be sent back to Bavaria because there was nowhere for it to go there.

France rejects plan for European arms forum

BY PATRICK BLUM IN VIENNA

FRANCE yesterday rejected a US-backed proposal for a forum to discuss conventional force reductions across Europe. This is expected to delay the west's response to an appeal by the Warsaw Pact last year for new negotiations on substantial reductions in conventional forces "from the Atlantic to the Urals."

Mr Pierre-Henri Renard, head of the French delegation at the Vienna Conference on Security and Co-operation in Europe (CSCE), said yesterday his country would not participate in either "alliance to alliance" (Nato to Warsaw Pact) talks or in a "process that was not linked to the CSCE."

The statement was seen as a rebuff to suggestions made on Monday by Mr Warren Zimmerman, the head of the US delegation at the CSCE, who argued that the new talks would be entirely separate from the CSCE process with only 23 members of the two alliances participating directly, at least in a first phase of the negotiations.

The remaining 12 neutral and non-aligned countries participating in CSCE but not involved in these negotiations "could be kept informed."

Nato agreed on new talks at a meeting in Brussels last December and Mr Zimmermann had expressed the hope that talks on a forum would start shortly. Differences with France over the nature of the talks, however, have already prevented a formal response being sent from Nato to the Warsaw Pact this week.

France believes the talks should remain anchored within the CSCE process and that all the 35 participating countries should be involved.

Lack of unity costs EEC Ecu 125bn, says report

BY WILLIAM DAWKINS IN BRUSSELS

THE European Economic Community is losing about Ecu 125bn (£94bn) a year because of the community's "lack of unity and continued fragmentation," according to a report being prepared for the European Parliament.

In spite of real advances in the creation of a free internal market, the cost of remaining barriers to trade within the EEC "represents a considerable burden on the economies of member states," concludes the report by Sir Fred Catherwood, deputy chairman of the European Democratic Group, the alliance of Conservative MEPs.

Sir Fred, a former director general of Britain's National Economic Development Council, stresses that his figures are rough guesses, but points out that at least they suggest the huge scale of the problem.

The biggest cost to the EEC's economic efficiency comes, he estimates, from public purchasing authorities' practice of putting out tenders on a community-wide basis. This is already under attack from one recently agreed directive and another in the European Commission pipeline. Such restrictive nationalistic purchasing policies cost member states around Ecu 50bn annually at current prices, says the report.

The next biggest cost — Ecu 20bn — of having a "non-Europe" comes from a lack of a co-operative economic growth strategy, argues Sir Fred. This is chiefly made up from the value of growth lost as economically buoyant member states try to correct balance of payments deficits by offloading "marginal products" onto the markets of faster growing EEC partners.

Star Wars advance reported

By Peter Marsh

RAPID TECHNICAL advances make it conceivable that a Star Wars anti-missile system could be deployed far sooner than originally envisaged, a top US defence scientist said yesterday.

Dr Allan Mense, acting chief scientist of the Strategic Defence Initiative Organisation — the Pentagon body overseeing the programme — said in London that by 1992 he expects engineers to have demonstrated that some form of shield to defend the US against Soviet missiles was feasible.

Dr Mense also said that on practical grounds Star Wars scientists were turning away from using weapons based on X-ray lasers, the development of which has been a highly secretive and controversial part of the project.

X-ray lasers were "not very attractive." Dr Mense said, because they required a nuclear explosion in order to operate. Such a blast would blind the sensors that would form a vital part of a Star Wars installation.

Use of nuclear warheads would introduce other complexities. For instance, civilian agencies might be required to inspect them before use.

In his discussion about early deployment of an SDI system, Dr Mense appeared to be supporting hints within the Reagan administration, particularly from Mr Caspar Weinberger, the Defence Secretary, that a limited Star Wars system could be in place by the early 1990s.

It had previously been assumed that the SDI programme's goal was an anti-missile shield in the late 1990s or early next century.

Dr Mense said the optimism resulted from experiments with sensors and lasers that had gone better than expected. Sensors both on satellites and on the ground would be vital in monitoring the progress of Soviet missiles. Laser weapons, together with miniature rockets armed with homing warheads, would be used to destroy incoming targets.

Dr Mense also said the SDI Organisation had rethought plans for the computer network needed to control the system. Instead of one computer with highly complex software — which critics have said would be virtually impossible to develop —there will be a large number of computers, each able to control a single part of the system. Software for these machines would be much easier to produce, Dr Mense claimed.

EEC steel exports hit 7-year high

By William Dawkins in Brussels

THE EEC exported just over 25m tonnes of steel in 1985, the highest level for seven years, according to the European Commission.

With imports running at just 8.6m tonnes, Community steel producers recorded a 16.6m-tonne trade surplus in 1985, a clear consequence of the sluggishnes of demand from EEC industrial consumers. Asia was the biggest buyer, accounting for nearly a quarter of exports.

EEC faces stiff resistance to probe into plastics industry prices

BY WILLIAM DAWKINS IN BRUSSELS AND TONY JACKSON IN LONDON

AN EEC investigation into pricing in the plastics industry looks like widening into a full-scale row. Next Wednesday, the European Commission will decide whether to take West Germany to the European Court of Justice for allegedly failing to enforce Community rules against cartels.

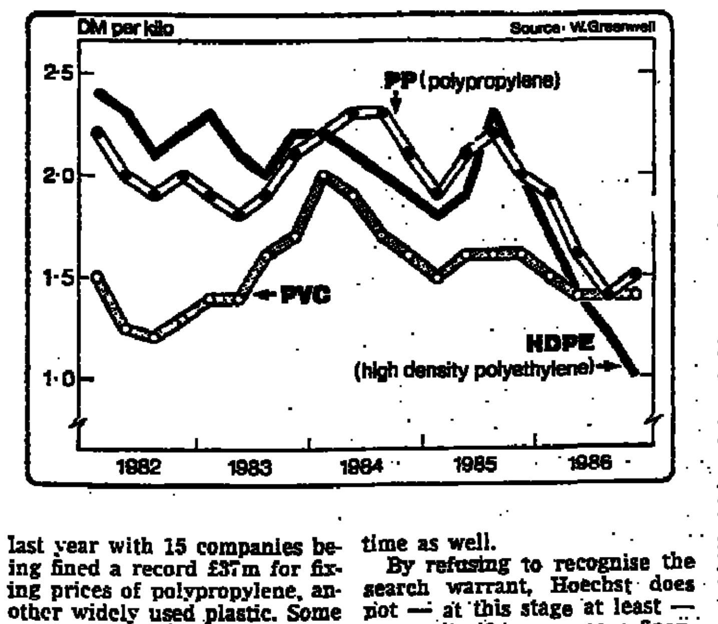
Commission inspectors staged dawn raids on eight companies last week, in France, Belgium, Germany, Italy, Spain and the Netherlands, seeking evidence of price fixing in two commonly used plastics, PVC and polyethylene.

Seven companies handed over documents as requested; one—Hoechst of West Germany—refused point blank, and backed its refusal with a local court injunction against the inspectors.

Mr Peter Sutherland, EEC Commissioner for Competition, is to ask permission at a full meeting of the Brussels authorities on Wednesday for an order telling Bon nto force Hoechst to let the inspectors in.

The other seven companies visited by 18 Commission inspectors were BASF of West Germany, Dow of the US—at plants in Spain and the Netherlands—Solvay of Belgium, Atochem and CdF Chimie of France, Alcudia of Spain and Enichem of Italy.

This is the fifth time in the past year that the Commission has used its Draconian powers of search, which allow it to examine and seize any documents it likes, on chemical companies. EEC cartel officials insist the sector has not come in for tougher scrutiny than any other.



The latest inquiry seems to relate to actions taken by the companies some time ago. It is based, officials say, on evidence picked up during a similar case started in 1983, which ended last year with 15 companies being fined a record £37m for fixing prices of polypropylene, another widely used plastic. Some of those companies—Hoechst included—are involved this time as well.

By refusing to recognise the search warrant, Hoechst does not — at this stage at least — expose itself to enormous financial penalties, though it does cause the West German Government great embarrassment. In line with EEC regulations, a cartel official from Bonn took part in last week's abortive raid but could not stop the company applying successfully for a provisional protection order from the Frankfurt Administrative Court.

The order merely means the Frankfurt court thinks Hoechst might have a case, and will decide later. But the injunction seems enough to cause a row with the Bonn cartel authorities, if only because of a 1967 German law obliging companies to co-operate with investigations by EEC competition au[illegible]ites.

Meanwhile, the C[illegible]sion has the power to ch[illegible]chst up to Ecu 5,000 for faling to co-op[illegible]lus Ecu 1,000 for each [illegible]lay in admitting the in[illegible]

This is unlike[illegible]ne of the world's [illegible]al companies. B[illegible] the rest are charged and found guilty of running a cartel — a decision made by the full Commission — they could face fines of up to 10 per cent of annual sales of the products involved.

The companies raided include some of Europe's biggest producers of PVC and polyethylene. PVC is made by BASF, Solvay, Hoechst and Atochem, though the biggest PVC producer of the lot, a recently formed joint venture between ICI and Enichem, seems not to have been involved.

Investigations into polyethylene seem to have been concerned mostly — but not exclusively — with the type known as high-density polyethylene (HDPE). This is made by Hoechst, BASF, Enichem, Alcudia, Solvay and Dow.

Neither product has been very profitable in recent years. In PVC, according to Mr David Glass of consultants Chem Systems, margins have improved lately but are still by no means satisfactory.

"The problem with PVC," he says, "is that making it involves a hell of a lot of capital. If margins move the wrong way you can lose your shirt. The industry was losing a lot in 1985, and much more again in 1982."

In HDPE, the market has shown remarkable growth lately —some 8 per cent by volume in 1986. But capacity has grown at least as fast in the past three years, from producers in France, Spain, Belgium and Austria, pushing down operating rates and margins.

If producers have been trying to rig the market in these two products, they have not been very successful. But then, the polypropylene cartel was a pathetic failure too, with enormous losses being made by the producers throughout its period of operation.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. US subscription rates $365.00 per annum. Second class postage paid at New York NY and at additional mailing offices. POSTMASTER, send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

Government states case for Trident

BY DAVID BUCHAN, DEFENCE CORRESPONDENT

THE GOVERNMENT yesterday detailed for the first time its argument that the Trident missile system was the only credible future nuclear deterrent for Britain, in what was clearly designed as a political pre-emptive strike against the Alliance parties' call for an alternative nuclear defence.

Mr George Younger, the Defence Secretary, issued an "Open Government Document" on the alternatives mooted by the Liberal SDP Alliance to the £9.3bn Trident weapon programme.

Published on the eve of a big Alliance campaign rally in London, the document concluded that Trident offered "much the most cost effective" replacement for Britain's existing Polaris/Chevaline system.

Most of the nine-page document is devoted to arguing the case against cruise missiles, on the grounds of their vulnerability to fast-improving Soviet air defence and the cost of a cruise system as lethal as Trident.

The Government also claims the French M-5 ballistic missile is not far enough advanced to be ready in time for Britain's nuclear defence needs.

Dr David Owen, the SDP leader, immediately rejected government arguments against alternatives to Trident. The Alliance was not arguing for a "sophisticated, super-power system" equivalent to Trident, he told a press conference.

British submarines could be converted to carry cruise missiles at far less cost than Trident, while the M-5 missile was not that far behind the development of Trident, which had only just had its first flight test, he claimed.

Mr Younger said yesterday that it was now to late to opt for an alternative to Trident in time to replace Polaris by the mid-1990s.

However, publication of the document, which reveals very recent assessments and rejections of alternatives to Trident, indicates a certain continuing defensiveness on the part of the Government about its choice six years ago to buy Trident from the US.

This stems partly from the Government view that it is politically more vulnerable to the Alliance call for an alternative nuclear deterrent than to the Labour Party's call for none at all.

Mr Younger rejected a suggestion that the new document was Tory party propaganda. In fact, his ministry had been quietly re-evaluating alternatives to Trident, if only to reject them once again.

Mr George Younger: too late to opt for alternative.

Mr Younger yesterday expressed complete confidence that a future US Administration would deliver Trident to the UK in the early 1990s.

Britain had a firm contract, on which nearly £1bn had been spent and £3bn committed. Democrats in the US as well as Republicans, supported the Trident sale and cancellation was conceivable only in the nearly unthinkable likelihood of the US abandoning the North Atlantic Treaty Organisation, Mr Younger said.

But the Defence Secretary said he hoped for "closer and closer" general defence co-operation with France, for which Mr Andre Giraud, his French counterpart, had been enthusiastic. However, Mr Younger said: "If I thought the French system (the M-5) would be ready in time to fill the Polaris gap, it might be a realistic possibility. But it is very clear it will not be ready."

The Government claims that for a "minimum deterrent" equivalent to Trident, Britain would need 400 submarine-launched cruise missiles (SLCMs) at sea at any one time, chiefly because these missiles, which fly at 500 miles per hour, would be increasingly vulnerable to Soviet air defences. Such defences against aircraft or missiles are not limited by treaty, unlike defences against high-speed ballistic missiles.

To keep 400 SLCMs at sea, Britain would need five submarines always on patrol, specially adapted to this role, the Government estimates. To do this, a total of 11 such submarines would be required, the cost of which would exceed that of having the four planned Trident submarines.

Alliance leaders to stress moderation in campaign

BY OUR POLITICAL EDITOR

THE leaders of the SDP/Liberal Alliance intend to frame their pre-election campaign around an appeal to voters to support them in order to moderate the policies of the other two parties.

This will be a centrepiece of the speeches of Mr David Steel, the Liberal leader, and Dr David Owen, the SDP leader, at today's rally of 2,500 Alliance supporters at the Barbican in London.

The two intend to argue that the Labour Party cannot win the next election and that a vote for the Alliance provides an opportunity to moderate Tory policies and possibly ensure an Alliance say in government.

In an interview on the Week in Politics programme on Channel Four last night, Dr Owen said the fundamental point was "a vote for us is to moderate and reject some policies which we consider to be overtly wrong and damaging."

In the same interview Mr Steel stressed that the Alliance would argue that it was prepared "responsibly to talk to the other parties. We will work inside a government. We will get ast much of our programme in as we can,

Mr Steel claimed that Mrs Thatcher had already backed off slightly from a refusal to talk by saying in an interview that of course coalitions had happened in the past and might have to happen again. He said that that was a major advance

At a meeting with local newspaper editors in London yesterday, Mr Steel highlighted a Marplan poll in yesterday's Today newspaper showing that where an Alliance candidate is seen to have a chance of winning, he or she gains 23 per cent of extra support on top of the initial backing of 20 per cent.

Hattersley says Labour would restrict mergers

BY PETER RIDDELL

MERGER mania is causing long-term damage to the economy and must be reduced, Mr Roy Hattersley, the shadow Chancellor, argued yesterday in his strongest statement yet on the Labour Party's attitude towards takeovers.

Addressing the Association of Corporate Treasurers, he said mergers had inhibited the UK's industrial success by causing an obsession with short-term economic performance to the detriment of both long-term investment and research and development.

What was needed was not just a competition policy but a policy for competitiveness, he argued. Consequently, Labour policies would be aimed at reducing mergers, which should benefit the economy.

In particular, Mr Hattersley urged that the burden of proof be altered so that companies would have to show the industrial or consumer gains that would come from any merger.

In addition mergers above a certain size should be directed to the Office of Fair Trading, which would have 30 days to decide whether to refer the merger for investigation.

Moreover, mergers should be subject to recall and re-examination after their approval.

Mr Hattersley said the Takeover Panel had to be put on a proper statutory footing, perhaps under the wing of a statutory Securities and Investments Board.

The idea that the panel could be run along the lines of a self-regulated gentlemen's club was dead.

At present, he said, "the Government is reluctant to act against its colleagues and paymasters in the City and it is left to Labour to mount the case for a proper system of regulation, law and order for the City."

Soviet trip may give Thatcher poll boost

By Peter Riddell, Political Editor

MRS THATCHER yesterday stressed the importance of continuity in European leadership in dealing with the Soviet Union when she spoke about her visit to Moscow at the end of March.

In an interview with the Press Association, the Prime Minister talked for the first time about her trip, to follow a visit to the Soviet Union by Mr Tim Renton, a Foreign Office Minister, a fortnight ago, and visits here by senior Soviet figures next week. The trip could form an important part of the build-up to the general election campaign.

One theme of the interview was the need for continuity of governments in Europe given that Mr Mikhail Gorbachev, the Soviet leader, was likely to be around for "a very long time" and because of the change of US President within the next two years.

Without referring specifically to President Reagan's current political difficulties, the clear implication was that only Mrs Thatcher could provide such continuity and experience at an important and sensitive theme in international relations. This is likely to be underlined by Conservative publicity and contrasted with Labour's approach.

Mrs Thatcher said she hoped "we will be the nation that has the continuity of Government and leadership. I think it is really rather necessary at the moment in the western world when you face a time when by the constitution the US has to change its president.

"We will have Mr Gorbachev around for a very long time. This is just the time when we want similar continuity of experience in governments throughout Europe."

Mrs Thatcher warned against expecting any "immediate achievements from her visit" and said she would talk about the longer-term issues. She highlighted recent proposed changes within the Soviet Union and said: "You have much more confidence in a country if you think they are taking measures to improve human rights, to allow more people to come out, and slightly to free up the economy.

"I think the Soviet Union has come to a stage where it knows that its present system is not providing the goods and the standard of living the people want.

Unions pledge to fight compulsory job cuts at Rover

BY JOHN GRIFFITHS AND IVOR OWEN

TRADE UNION leaders believe Austin Rover will obtain voluntarily only a few of the 1,265 white-collar redundancies it announced on Thursday.

The opposition to compulsory job cuts promised by the unions last night could provoke an industrial relations confrontation in the next few months. Such a dispute could hardly come at a worse time for the state-owned Rover Group's volume cars business.

Despite export successes, Austin Rover's UK market share fell by more than 2 per cent last year.

Mr Paul Talbot, national organiser for the car industry at ASTMS, said last night that "our people are pretty shell-shocked" by the announcement, details of which were given to all of Austin Rover's 37,000 employees as they arrived for work.

The unions are to meet with management again on February 18. In the meantime they are calling on their members not to apply for early retirement or voluntary redundancy. They are also urging sponsored MPs to raise the matter with Mr Paul Channon, the Trade and Industry Secretary.

ASTMS, which has 3,000 members at Austin Rover, has told the company it is opposed to the cuts.

The contention that Austin Rover will not obtain its goal voluntarily is based on the unions' belief that most of those qualifying for early retirement have already gone during earlier cuts or voluntary schemes.

Of the 1,265 jobs, 367 are in middle-to-senior management grades; 335 in engineering and technical grades; 388 in clerical and 175 in supervisory roles.

Some 400 redundancies are being sought at the Birmingham plants of Longbridge and Drews Lane; 450 at the Cowley assembly plant; 200 at the Canley headquarters near Coventry; 100 at Swindon's body plant; and 50 at Llanelli, south Wales, with smaller numbers going at minor facilities.

A company statement said the union view on voluntary redundancies was too pessimistic, but acknowledged that some compulsory redundancies would be needed.

Mr Geoffrey Pattie, Minister for Information Technology, came under strong attack from Labour MPs in the Commons yesterday when he insisted that it would not be "proper" for him to comment on the redundancies.

He said: "Austin Rover must be free to determine employment levels in line with market conditions."

Mr Terry Davis, a Labour industry spokesman, said the redundancies confirmed fears that the Government and the company wer prepared to settle for only a 15 or 16 per cent UK market share and production limited to around 450,000 cars a year.

BA confirms crack found in wing spar of Jumbo jet

BY LYNTON McLAIN

BRITISH AIRWAYS confirmed yesterday that it discovered a 4-inch crack in a load-bearing wing spar on one of its ageing Boeing 747-100 Jumbo jets a week ago.

The $100m (£66m) Jumbo jet will be out of service for weeks. BA is expected to cut out the cracked spar and send it to Boeing in Seattle, US, for tests.

The announcement came as the airline entered the final countdown for the offer for sale of its shares, which closes next Friday at 10 am.

The crack was discovered on January 23, four days before the prospectus for the offer for sale of shares was published on Tuesday.

The airline said yesterday: "A small crack was discovered in the rear wing spar on a BA Boeing 747-100 while the aircraft was transitting at Kuwait. The aircraft has been ferried, without passengers, to Heathrow Airport for repair. As a precautionary measure, BA has carried out checks on all operational 747-100 aircraft in its fleet and all have been cleared to continue flying."

The Civil Aviation Authority added yesterday that the crack, which was not significant and did not pose serious problems, had caused a fuel leak. The cracked load-bearing spar formed an integral part of the fuel tank on the Jumbo jet airliner's wing.

The aircraft have three load-bearing spars in each wing, but the full load of the 340-tonne laden Jumbo jet can be taken by two spars.

The BA prospectus lists 16 Boeing 747-100 Jumbo jet aircraft with an average life of 14.7 years in the BA fleet. The airline has already announced plans to replace these aircraft in a $2.3bn investment programme for 16 new Boeing 747-400 aircraft.

● The CAA, which licenses air routes and approves fares for UK airlines, is to have its borrowing limits for the current financial year cut by over a third from £14m to £9m.

Britoil in deal to delay rig delivery

By Lucy Kellaway

SCOTT LITHGOW, the struggling offshore construction yard, has announced another delay in completion of The Ocean Alliance, the semi-sumersible rig which was due to be delivered to Britoil in 1984.

The final delivery date, which was set for March this year, has now been pushed back to November.

As a result of the delays Scott Lithgow has had to pay Britoil an estimated £12m. The latest delay will mean "further payments of a more limited magnitude," Britoil said yesterday.

Trafalgar House, which bought Scott Lithgow in 1984, said the delay was at Britoil's request and a deal had been struck which suited both companies.

"They don't have any work for the rig at the moment, and we need to keep the yard open," he said.

The Ocean Alliance is the only contract at Scott Lithgow and occupies about 1,500 workers. The only other work on the yard's books is a 10-week contract for Cunard this summer.

"This deal will give us a breather while we look for new contracts," Mr James Poole of Trafalgar said yesterday. In November Scott Lithgow announced plans to cut its workforce by two-thirds to 700.

The rig, biggest of its sort built, is particularly suited to drilling in deep waters. This kind of drilling, because of its high costs, has been badly hit by the fall in oil prices.

Britoil said yesterday that the rig would not be unemployed when it was finally delivered, and that a drilling programme, mainly in the deep waters to the west of the Shetland Islands, had been put together.

Mr David Walker, chief executive of Britoil, wished the yard luck yesterday: "Britoil appreciates the efforts made by both management and workforce at Scott Lithgow to complete the rig, and hopes that the experience and skills acquired in the process will enable the yard to compete effectively for future work."

● Oil production in the UK sector of the North Sea declined in 1986 for the first time. Average daily output of 2.56m barrels was down 1 per cent on the 1985 total, said the monthly Royal Bank of Scotland/Radio Scotland index, writes James Buxton.

December was the second successive month in which it fell, with output at the second lowest level in the year as a result of bad weather and continuing repairs to the Flotta pipeline.

Tories seize on report attacking London councils

By Our Political Editor

CONSERVATIVE leaders yesterday sought to make a political issue out of this week's Audit Commission report on the running of London boroughs.

Mr Nicholas Ridley, the Environment Secretary, said the picture was "of gross inefficiency laced with a liberal dose of malice." He argued that the eight boroughs examined spent more than comparable authorities, but had worse services

Mr Ridley added: "The atmosphere of distrust and suspicion in these town halls and the constant interference by councillors in management simply makes management impossible, so good people go elsewhere." He argued that those who really suffered were residents and ratepayers.

On the same theme, Dr Rhodes Boyson, Minister for Local Government, told a party meeting last night that the Audit Commission's report had "a direct political warning for all the country in the behaviour of the hard-left Labour councils in London and elsewhere."

More brokers to sue ITC

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

NINE LONDON Metal Exchange brokers are poised to join the growing number of creditors of the insolvent International Tin Council in seeking payment of their debts by the ITC's 22 member-states.

The nine, all part of the Tinco Realisations co-ordinating group of LME brokers, are to issue a writ claiming contractual losses and damages against the states, the ITC itself and the EEC at the beginning of next week.

Only two Tinco group members will not be plaintiffs in the action. One, J. H. Rayner (Mincing Lane), part of the S. & W. Berisford commodities group, has stated its own direct action

The other is Rudolf Wolff, owned by Noranda, the Canadian mining company, whose omission from the case is likely to fuel speculation that dian courts.

the ITC's creditors are about to carry the battle to the Cana-

The new writ will come only days after the ITC states' first moves to counter the creditors'

This week the Department of Trade and Industry initiated proceedings to strike out claims by Rayner, Berisford Metals Corporation and six banks. London lawyers for the other member-states have also issued summonses against Rayner.

Most Courage pub managers take tenancies

By Lisa Wood

A MAJORITY of public-house managers in the Courage brewery estate have taken up the company's offer to become tenants of their houses, Courage announced.

Earlier this week Courage, the sixth largest brewery, said that about 930 Courage and John Smith's houses run by managers were returning to tenancies. This follows a review of the business begun during its ownership by the Hanson Trust.

Elders IXL now owns the company. It hopes for a scheme whereby tenants hold up to 50 per cent of the equity of a public house.

Some 70 per cent of managers have taken a six-month trial tenancy.

Clive Wolman follows the elusive trail of the world's biggest trickster

Shares 'sting' that netted £100m

IT HAS become the largest fraud to have been exposed in the past half-century, according to international regulators.

The high-pressure telephone selling of shares of negligible value at massively inflated prices is estimated to have caused small investors around the world losses of £200m in 1985 alone.

One of the two largest operators in this field, who is believed to have pocketed about £100m over the past four years, is Mr Irving Kott. Most of his profits have come from an Amsterdam-based company, First Commerce Securities, which was shut down by the Dutch authorities last spring and whose managing director was subsequently arrested. By contrast, Mr Kott was able to pack his bags and leave Europe for his native Canada when the going got tough.

Mr Kott is now known to have been behind the establishment in 1985 of a share-pushing operation based in the City of London called Investors Discount Brokerage, which the Department of Trade and Industry is investigating. The company is estimated to have between 2,000 and 3,000 clients.

Mr Knott's involvement in securities fraud dates back to the early 1970s in Canada. He was fined $500,000 (£326,000) by an Ontario court in 1976 for the deceitful promotion of shares in a mining company. After three attempts on his life by underworld figures—the last led to the blowing up of his car—Mr Kott decided to diversify overseas.

He followed the lead of another convicted Canadian fraudster, Mr David Winchell, to Amsterdam where he resumed his activities through a company called First Commerce Securities. He is now also linked with companies in Panama and Cyprus and is thought to be setting up an operation in Hong Kong or Australia.

Since 1976 he has always escaped the risk of prosecution by operating, with the assistance of his son, Mr Michael Kott, through an elaborate network of companies. Their parentage can usually be traced back to Caribbean tax havens where their beneficial ownership is kept secret.

Securities regulators around the world, from the US Securities and Exchange Commission to agencies in the Far East, carry thick files on Mr Kott. However, none has been able to accumulate enough evidence to bring charges against him, even if it were possible to locate and arrest him.

So far there has been only one success in unmasking a Kott connection, and that success just illustrates the difficulties faced by international regulators.

Last summer, the Dutch police discovered a Bermudan connection with First Commerce from the documents they seized at its Amsterdam offices during their raids last May. The main share that First Commerce was selling over the telephone, at mark-ups of between 1,000 and 10,000 per cent, was in a venture capital company developing a metal extraction process, called DeVoe-Holbein. This company was linked to a Bermuda-registered company Windswept International, most of whose shares were owned by another Bermuda company, Schreiber.

Nearly all Schreiber's shares were owned by a Bermudan businessman Mr Ross McPhee, who was president of a Canadian brokerage company which was wound up by the authorities in 1973 after an investigation of securities offences involving Mr Kott. Mr McPhee at first refused to name the true beneficial owners of the shares he was holding. But eventually he was compelled by the Bermudan authorities to disclose that the owner was Ms Dominique Shittecatte, who lives in Canada and has had a close personal relationship with Mr Kott.

Both Windswept and Schreiber were struck off the Bermudan companies register in October and November. Mr Kott is thought to have transferred their assets into other companies based in Panama.

Mr Barry Rider is head of the Commonwealth Crime Unit, part of the Commonwealth Secretariat, which is one of the few bodies which acts as a co-ordinating agency and conduit for information between those agencies regulating economic crime. Interpol, the Paris-based international police organisation, acts only as an intermediary between police forces.

Mr Rider believes that Mr Kott and internationally mobile fraudsters are successful because the enforcement agencies are unable to pool their information and co-ordinate their activities effectively. The lack of resources devoted by governments to combatting international economic crime arises mainly from a lack of popular interest, he says. "Law enforcement is oriented towards individual cases in a particular country and loses its interest after the first strike. But you have to maintain an interest in criminals who are moving from country to country."

Satellite TV group seeks £120m in equity finance

BY RAYMOND SNODDY

BRITISH SATELLITE Broadcasting, winner of Britain's direct broadcasting by satellite franchise, seeks to raise £120m of new equity finance for the project by April.

Documents giving full details of the plans to broadcast three new channels of national television from high-power satellite to dish aerials as small as 30cm in diameter will be sent early next month to corporations which have expressed interest.

The original shareholders, Granada, Virgin, Pearson (publisher of the Financial Times), Amstrad Consumer Electronics and Anglia Television have already committed themselves to investing £80m.

The group underwrote the additional £120m needed to launch the service, and seeks to place that underwriting with five or six new investors.

BSB expects that new investors will commit themselves to sums ranging from £10m to £30m. The project is expected to cost about £500m, with a second round financing of £300m including loan finance once the £200m in equity is committeed.

Mr Andrew Quinn, managing director of Granada Television and co-ordinator of the DBS consortium, said that he envisaged a total of not much more than 10 investors. New investors would have to accept the basic concepts on which the Independent Broadcasting Authority awarded the franchise.

Possible investors include companies which were members of the four losing consortia. Companies believed to be interested include Mr Alan Bond's concern Bond Corporation of Australia, which now has a stake in TV-am subject to IBA approval; Reed International; Dixon's; and British and Commonwealth Shipping.

Mr Jerome Sedoux, chairman of the Chargeurs transport and communications group in France and a partner in the group running the French fifth channel, until the end of February, is also interested. There have been approaches from television organisations in the US.

Talks on the future financial structure of BSB continue at the same time as the group negotiates with satellite manufacturers. The aim is to sign a contract for satellite manufacture, also by April.

Four satellite manufacturers have agreed to supply satellites, which become BSB's responsibility only when they are actually in orbit.

They are RCA and Hughes, both of the US; EuroSatellite, the consortium responsible for the French and West German DSD satellites due to be launched this year and next; and British Aerospace.

The price is expected to be in the range of £100m-£180m, depending on launch dates and facilities offered.

Mr Derek Lewis, finance director of Granada Group, says BSB is trying to bring forward the launch of Britain's DBS service by one year, to 1989.

"We would dearly like to do it in 1989, and it is clearly a possibility," he said.

BSB plans to use the satellite's three 24-hour channels to provide four channels of programming—general entertainment, films, children's and family viewing, and news and live events. They would be funded by a mixture of advertising and subscription.

Mr Lewis says that all the signs are that the receiving equipment for the DBS channels will cost about £200.

DBS assumes that by the eighth year of the 15-year franchise revenue will have risen to £594m a year at 1986 prices, made up of £259m from advertising and £335m from subscription, breaking even in the third or fourth year.

Amstrad computer leads home market

By David Thomas

THE LOW-COST personal computer launched in September by Amstrad shot to the top of the UK market last month, overtaking IBM, the traditional market leader, according to a new survey.

Amstrad, the fast growing UK consumer electronics company, appears to be expanding the overall market, as other companies' sales of personal computers in November and December did not decline.

In December, the first month in which Amstrad's computer became widely available, its machines accounted for 26 per cent of personal computers sold through dealers, as against 25 per cent for IBM, according to Romtec, a specialist research organisation.

This result is confirmed in provisional figures from Context, another microcomputer research organisation, which monitors sales from high street retailers as well as from dealers.

Amstrad, unlike IBM, sells its personal computer through both types of outlet, *which suggests that its lead* in unit sales over IBM is even larger than Romtec's figures show.

Romtec believes Amstrad's high street sales might be as much again as the 25,000 *units it sold through dealers* in December.

However, IBM still leads the market in terms of value, because its personal computers are more expensive than Amstrad's.

Mr Marek Vaygelt, a Romtec analyst, said the Amstrad machine would continue to sell strongly because there was still much unsatisfied demand for it.

Overall for 1986, unit sales by dealers of personal computers in the UK jumped 42 per cent to about 255,000, though revenue growth was less than 20 per cent, because of a fall in average prices of 27 per cent.

For the whole year, IBM had 38 per cent of unit sales through dealers, followed by Apricot with 16 per cent, Amstrad 9 per cent and Olivetti 7 per cent.

Gorbachev 'has put his money on the Tories'

By Our Political Editor

MR MIKHAIL GORBACHEV, the Soviet leader, is "putting his money on a Conservative *victory" at the next election,* Mr Tim Renton, a Foreign Office Minister of State, claimed last night following his visit to Moscow earlier this month.

Mr Renton told a party meeting in Nottingham that the Kremlin leader would take this view "not because that is what he wants — Labour would be the soft option for the Kremlin — but because he doesn't believe the British are fools either."

He said: "Britain under this Government has gained the respect of the Soviet Union. They regard us as a serious and worthwhile country bent on economic recovery."

Student grants to rise by 3.75% in line with inflation

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

MR KENNETH BAKER, Education Secretary, said yesterday that student grants would go up by 3.75 per cent for the academic year starting in the autumn, in line with the forecast rise in the retail price index.

The increase was criticised by the National Union of Students and by Mr Giles Radice, Labour's education spokesman. Ms Vicky Phillips, the NUS president, denounced it

In England and Wales, grants for undergraduates living away from home while studying in London will rise from £2,246 to £2,330, and for their counterparts studying elsewhere from £1,901 to £1,972. The increase for undergraduates living in their family homes will be from £1,510 to £1,567.

Rises for Scottish undergraduates will be: away studying in London from £2,191 to £2,273, away studying elsewhere from £1,846 to £1,915, and living at home from £1,390 to £1,442.

Corresponding rises for postgraduate students will be from £3,366 to £3,492, from £2,756 to £2,859, and from £2,000 to £2,075.

All the rates will be reduced on a sliding scale if a student's parents have a residual income — taxable income less certain allowances for dependents and for interests payments — of at least £9,300 — up 6.8 per cent on the "income threshold" for the 1986-87 academic year.

The Government, which plans partly to replace outright grants to students with repayable loans, was accused by Ms Phillips of deliberately keeping grants low so as to make a loans system seem more attractive.

David Churchill on official concern at selling tactics for holiday homes

Watchful eye on timeshare industry

THE Department of Trade and Industry plans to keep a close watch on developments in the European timeshare industry and may consider supporting European Community legislation to give greater protection to consumers.

This follows the publication last week of the department's advice to British consumers to act cautiously when considering investing in a timeshare property.

Department of Trade officials have met their EEC counterparts to look at ways of strengthening consumer protection against rogue timeshare schemes.

Both the Government and the Office of Fair Trading are increasingly concerned at the high-pressure selling tactics used to market timeshare properties.

Sir Gordon Borrie, director general of fair trading, said: "Timesharing seems to be a boom sector at present and, as with all such booms, it has attracted a mixture of sellers—perfectly reputable organisations and others whose selling methods have attracted considerable criticism.

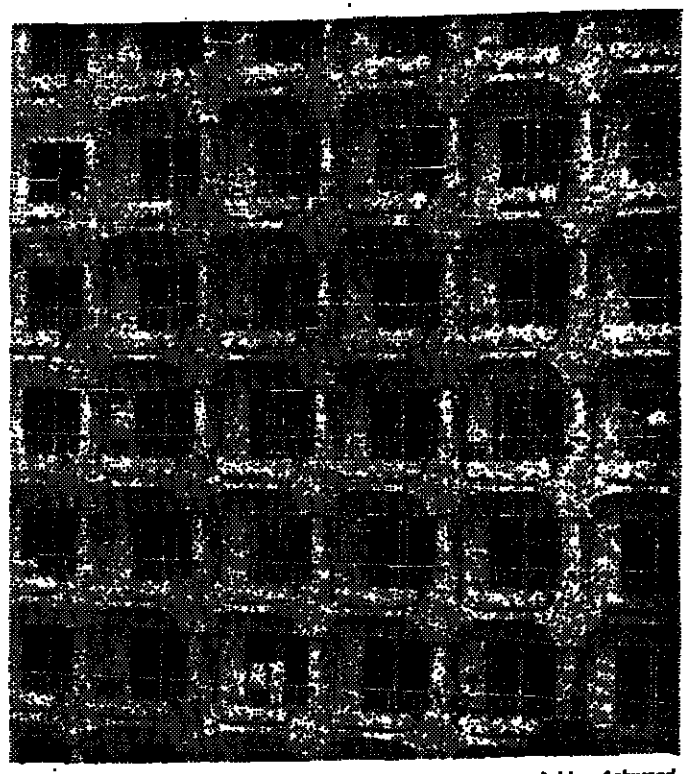
"There are few legal controls over this market at present and consumers need to be on their guard," he added.

The concept of timesharing originated in 1965 in the French Alps where it became common *for holidaymakers to* buy hotel rooms for a period of time rather than renting them.

The idea took off in the early 1970s in the US at a time when inflation had largely destroyed the market for vacation homes. The idea arrived in the UK when the Lord Rannoch holiday resort was built in the Scottish highlands.

Timesharing, at its simplest, is a method of owning weekly periods of a property, usually at a holiday resort, for a number of years. In England and Wales a share can last for up to 80 years, while in Scotland and Europe it is available in perpeutuity.

There are an estimated 2,000 timeshare resorts worldwide, with over 40 in the UK, catering for some 1.3m owners, of which 80,000 are British.



Ashley Ashwood

Time-share properties in Benidorm, Spain

Timesharing can be regarded as either a shrewd property investment or as a useful hedge against rising package holiday prices.

For those who want to invest in holiday property either in the UK or overseas, some investments can offer quick capital gains, although most timeshare developers discourage buying properties for short-term profits.

Most people buy timeshares as a *holiday investment,* although with the present price war among the major tour operators the need to guard against rising hotel prices seems minimal.

Many timeshare owners, however, invest in a property because it gives them access to similar self-catering properties throughout Europe and the US. This is through exchange schemes operated by such companies as Resort Condominiums International or Interval International.

There are more than 1,800 developments worldwide affiliated to these companies, catering for some 800,000 timeshare owners. For an annual subscription of between £38 and £42 and a similar exchange fee, owners can swap their weeks *in different resorts round the* world.

The problems that have arisen with timesharing have stemmed from its economics. A timeshare scheme of 50 apartments, for example, means that rights to each of these apartments are available for sale for 50 weeks of the year (with the other two being allowed for decorating and maintenance).

This creates some 2,500 timeshare units available to be sold to individual buyers.

The low response rates for direct selling of such investments to individuals means, for example, that if there is only a 2 per cent success rate then some 125,000 prospective purchasers need to be approached to achieve the 2,500 sales.

Such a marketing analysis gives some idea of why the time-share operators go to such extremes to attract consumers.

Virtually any British holidaymaker in the major Spanish resorts will face an almost ceaseless barrage of attempts by young men or women trying to interest them in visiting a timeshare property.

Individuals are lured out to see timeshare properties with the promise of free gifts, lunch, or travel. Once at the property, the individual is subjected to a high-pressure sales technique, often lasting several hours.

Many holidaymakers, unused to and sometimes flatered by such attention, are often unable to resist the wiles of the sales*people who can earn* commissions of more than £500 a week.

The key problem is that, in the cold light of day, the holidaymaker may realise that he or she neither can afford, nor wants, a share in a timeshare condominium.

In the UK, such purchases would be covered by existing consumer protection laws which give individuals the right to a cooling-off period. (This was introduced after *complaints about high-pressure* sales techniques by some life assurance salespeople.)

However, such tactics used in Spain and other European resorts are not covered by UK laws. Several of the major time*share developers have* banded together and now offer a five-day cooling-off period in which customers can change their minds—although this has apparently not prevented some high-pressure sales techniques in the initial stages.

Even so, both Sir Gordon and Mr Michael Howard, Consumer Affairs Minister, have felt it necessary to publish advice to would-be timesharers to think very carefully and seek professional advice before signing anything or paying over money.

Yet both men are well aware that consumers often fail to heed such advice. They may consider that the only effective way to curb the rogue timeshare company may be for the European Commission to step in.

Third Market index launched

BY ALICE RAWSTHORN

INVESTORS will be able to monitor the progress of the Third Market, the Stock Exchange's new centre for dealings in the shares of small companies, for the first time next week through a share price index being introduced by Credit Suisse Buckmaster & Moore, the stockbroker.

CSBM, which plans to sponsor companies on to the Third Market, will produce from Monday a weekly index covering every company quoted on the new market. The index will monitor share price movements throughout the week and will be published on the following Monday.

The index may be produced more frequently—such as daily—if demand justifies it.

Datastream, the financial information service, intends to launch a daily Third Market index. Its plans are still at an early stage with technical *details yet to be finalised.*

It is thought likely that the index will adopt a similar format to the Unlisted Securities Index produced by Datastream for the past five years.

Datastream is also considering introducing a series of indices to monitor the performance of shares within each of the Stock Exchange's new market making categories—alpha, beta, gamma and delta. The exchange has classified companies in these four categories since the Big Bang according to the frequency with which they are traded Alpha, for example, represents the most frequently traded stocks, while delta shares have only one market maker.

Plans for these indices are still at a preliminary stage.

Time called on pub licensing bill

By Ivor Owen

ADVOCATES of more flexible opening hours for public houses and licensed clubs in England and Wales suffered a reverse in the Commons yesterday.

A private member's bill designed to permit licensed premises, subject to the approval of local magistrates, to open at any time between 10.30 am and 11.30 pm from Monday to Saturday failed to secure a second reading.

There were cries of "shame" and "disgraceful" from supporters of the bill when, in accordance with precedent, Mr Ernest Armstrong, the deputy speaker, refused to close the debate because there had been insufficient time, just 100 minutes, to discuss the bill.

The debate was automatically adjourned and the bill now has little chance of becoming law.

● A private members bill making it an offence, punishable by a maximum fine of £2,000 or up to six months' imprisonment, to sell lethal crossbows to persons under the age of 17 was given an unopposed second reading in the Commons yesterday.

NBC sells two more Yorkshire bus companies

By Hazel Duffy

TWO MORE Yorkshire bus and coach companies belonging to the National Bus Company were sold yesterday. The sale follows the purchase of Yorkshire Traction by a group of its managers on Wednesday.

The West Riding group was sold in a two-part deal. The but operations, and some coaches, have gone to the present management team. The *main coaching business, based* in Seffield and called National Travel East, was bought by ATV Holdings, parent company of coach dealer and operator Carlton PSV.

The sale is one of the largest in NBC's privatisation programme.

Wide support for Loyalist petition on Ulster pact

BY OUR BELFAST CORRESPONDENT

THE QUEEN is to be presented with a petition signed by more than 400,000 Loyalists asking the Government to hold a referendum in Northern Ireland on the Anglo-Irish Agreement.

Unionist leaders, announcing a total of 402,752 signatures, said the response had exceeded their hopes. However, Mr James Molyneaux MP, leader of the Official Unionist Party, *admitted that he expected the* Government to deny a referendum.

The number of signatures is not far short of the total votes cast in parliamentary by-elections a year ago, when Unionist candidates got more than 400,000 votes for their stand against the agreement.

Mr Molyneaux said: "The result shows that people have been inspired to turn out, as is their democratic right, and say in a peaceful and legitimate way that they will not have this agreement."

He predicted the Government's first response would be to say that the petition made no difference

*The Rev Ian Paisley, Demo*cratic Unionist Party leader, said: "If Mrs Thatcher says no to this, our campaign of civil disobedience will be fully justified. We have taken the constitutional rule and it is the Government — not us — who are blocking that road."

Defence industry future lies in co-operation

BY DAVID BUCHAN AND LYNTON McLAIN

FT CONFERENCE

Defence - Entering the US market

CRITICISMS BY Europe and the US of each other within Nato were largely unjustified, even on the issue of defence sales and collaboration, Dr Joseph Luns, former Nato Secretary General, told an FT defence conference in London on its second day, yesterday.

The lack of weapons standardisation and inter-operability and of a proper "two-way street" in arms sales between Europe and the US were undoubted failings of Nato, Dr Luns said. Europe naturally resented having to buy more arms from the US than it sold to it. The US recognised this imbalance, however, and had recently taken action to remedy it.

Even more important than the economic benefits, in terms of the cost sharing and saving to be gained from a better balance in trans-Atlantic arms production, were the military *benefits and improving* Nato's unity of political purpose, Dr Luns said.

Mr John Kerns, Sikorsky's vice-president for international business, said the future of the global helicopter business lay in co-operative ventures.

He cited his own company's recent tie-ups with Westland in the UK, with Mitsubishi in Japan, with Hawker de Havilland and GAF in Australia, and with Embraer in Brazil. He announced a new Sikorsky joint venture in South Korea.

Sikorsky hoped to take advantage of money voted by Congress for Nato collaborative projects to develop the X-wing prototype aircraft, combining advantages of fixed and rotary wing aircraft.

The helicopter sector, Mr Kerns said, was an industry with technology to be shared not duplicated, with over-capacity to be used not protected and with markets to be served jointly not through institutionalised competition.

Mr Mark Miller, Boeing Aerospace president, spoke of the prospect of short-term constraints on US defence projects. "There is a continuing need to reduce the US national deficit," he said.

The US defence budget was likely to show zero growth or slightly above for three or more years. "This will limit new initiatives in defence and at worst could lead to the cancellation of projects."

International co-operation was necessary to share risks and to provide the best system at the lowest cost. "This makes good business sense and is as applicable to military projects as to civil programmes," he said.

He forecast that the Strategic Defence Initiative would remain politically sensitive and there would be procedural difficulties in the award of contracts. The US Government had already let \$25m (£16.3m) of SDI contracts to UK industry, he said.

Mr Michael Heseltine, former Defence Secretary, said in a lunchtime speech that the UK could not hope to be a capitalist power in the same league as the US. "The UK can never be a partner with the US, the UK is too small," he said.

It was only Europe that could provide and offer the scale and opportunities for competition and partnership with the US.

"When Europe concluded the arrangements for the European Fighter Aircraft, the biggest deal ever put together by Europe, Mr Caspar Weinberger, the US Defence Secretary, immediately asked if the US could join the programme. That has to be the world of *tomorrow,"* Mr Heseltine said.

Mr Roger Chevalier, deputy chief executive of Aerospatiale, the French aerospace company, disputed the conventional wisdom that collaboration in research must precede that in production. Only by first joining together could European companies and countries approach collaboration with the US on anything like an equal footing.

Lord Chalfont, who chaired the conference, said Europeans' defence interests still differed too much for them to be able to forge a common security policy. The US Strategic Defence Initiative did, however, offer a *substantial boost* to transatlantic defence research, if European companies showed greater keenness in participating than they had so far.

UK NEWS

More urban aid allocated to economic works

BY HAZEL DUFFY

THE GOVERNMENT plans to steer its inner city funds increasingly towards local authority programmes geared to economic rather than social projects.

The announcement yesterday of the allocation of the Urban Programme—the Government's main fund for the inner cities—by Mr John Patten, Minister for Urban Affairs, revealed that 5 per cent of the £272.3m grant in 1987-88 will be held back for distribution by *Environment* Department regional offices to local authorities whose programmes reflect "best practice."

Under the new arrangements, Liverpool, for example, has been allocated £20m next year against £22.8m this year, but £4.45m will be in the hands of the Merseyside office for distribution in the region as it sees fit. The London Borough of Hackney will receive £10.8m against £11.6m this year.

The total inner city fund for 1987-88 is £324m against £317m this year. This represents a fall in real terms, in line with the trend for the past three years. The figure includes the urban development grant, *designed to trigger additional* private sector investment, and the urban regeneration grant.

A total of £81.1m (1986-87: £78.4m) has been earmarked by the Environment Department for derelict land reclamation, which is being geared more to*wards inner cities. Within the* total, local authorities will receive slightly less, the private sector and nationalised industries more.

Mr John Patten: *Inner city fund falls in real terms.*

The Government aims to make the programmes more cost-effective and to offer incentives to local authorities which manage *them best.*

The target for the Urban Programme is that two-thirds of the money be spent on projects related to improving the economy of the area

ECONOMIC DIARY

TODAY: Liberal/SDP rally at the Barbican Centre. International Toy and Hobby Fair opens at Earl's Court (until February 4).

TOMORROW: Britain imposes 150-mile fishing zone around the Falkland Islands.

MONDAY: Mr Robin Leigh Pemberton, governor of the Bank of England, to address Overseas Bankers' Club at the Guildhall. Mr Michael Jopling, Agriculture Minister, attends Food and Drink Exhibition at Olympia.

TUESDAY: UK official reserves (January). Capital issues and redemptions (January). Forty-nation disarmament conference resumes in Geneva. Mr Michael Moore, New Zealand Minister of Overseas Trade, to address Trade Policy Research Centre dinner at Cafe Royal, W1.

WEDNESDAY: Overseas travel *and tourism (November).* Advance energy statistics (December).

THURSDAY: Detailed analysis *of employment, unemployment,* earnings, prices and other indicators (February). Housing starts and completions (December). Lloyd's of London makes statement. Confederation of Shipbuilding and Engineering Unions executive meets. Industrial Society conference on teacher appraisal.

FRIDAY: Car and commercial vehicle production (December-final). British Airways privatisation offer closes. Labour local government conference in Leeds (until February 8).

Andrew Taylor on the hopes and fears of the townspeople of Leiston over a second nuclear power plant

To B or not to B, that is the Sizewell question

THE TINY Suffolk town of Leiston, population 4,500, has lived under the shadow of the Sizewell A nuclear power station for 20 years.

Now life in the town is to be *disrupted again if the Government* gives the go-ahead to plans to build Britain's first pressurised water reactor at Size*well.*

This week an eight-volume report by Sir Frank Layfield QC, who chaired a four-year public inquiry into the plans, concluded that work on the PWR reactor should start as soon as possible to meet increasing demand for electricity in the 1990s.

How do the inhabitants of this rural area feel about their future and how do they plan *to cope with the upheaval to* their lives?

As many as 3,000 construction workers—two thirds Leiston's population—will be needed to build the power station. Many of them will have to be drafted in, dramatically increasing the local population, putting strain *on shops, amenities* and services.

Mr David Savill, officer in charge of the Leiston Jobs Centre, says the community remains divided between those who want the new reactor and *those who oppose it.*

He says: "Those in favour tend to have families who already work at Sizewell or local businessmen who rely on the plant and its employees for much of their custom."

"There are others who worry about safety and are committed opponents of nuclear power. A lot of people, many of them retired, have come to the area for peace and tranquility and just do not want it disrupted."

The Sizewell A plant, the seventh of nine first generation Magnox power stations built in Britain, is by far the largest employer in the town with about 500 workers.

About half of these live in Leiston, according to the Central Electricity Generating Board. That means up to a quarter of the town's population is likely to have at least one family member working at the plant.

No other company in the town employs more than 50 workers, according to job centre officials who estimate unemployment in Leiston is about 10 to *11 per cent.*

Mr Savill says: "While the new station cannot be anything but good for local job prospects *it will raise problems* both during and after construction is completed."

The nature of construction *has changed since Sizewell* A was built, she says, becoming less labour intensive and demanding more skilled opertors. "Not everybody on the jobless register can expect to find work during construction. A lot of people will have to be brought in."

This could create problems for other businesses providing local services. They would have to gear up to cope with the increased population and could then be faced wth laying off staff when building was completed and the construction workers left.

Mr Terry Hodgson, a power station worker and a Labour councillor, remembers when construction of Sizewell A was completed: "Unemployment did rise even though the power *station did* create several hundred permanent jobs."

Sizewell A's role as the town's largest employer has become more crucial with the closure of the Richard Garrett engineering works which went into receivership in July 1980.

Garrett, once one of the world's largest manufacturers of steam traction engines — and which gave birth to Leiston as a small town rather than a rural village — was itself the biggest employer until it fell on hard times in the late 1970s.

Mr Ron Geater, chairman *of* the Conservative - controlled Leiston town council and a local nurseryman and florist, *says:* "When Garrett closed unemployment in the area shot up to around 20 per cent but has gradually reduced as a number of small businesses have sprung up.

"One of the factors that *added to* Garrett's problems was that large numbers of skilled engineers left for the higher wages they could earn *during* the construction of Sizewell A. A number of local businesses, including my own, were similarly affected."

The council is, however, pressing the CEGB and the Government for financial help, similar to that which they say is available in France to local communities close to nuclear power stations.

Mr Frank Barker, a local farmer and county councillor who reluctantly gave up some of his land for an access route to Sizewell A, says: "The CEGB made a mistake in taking us to France to show us how safe the French reactors were. They also showed us how much money and assistance had been provided to help these communities."

The council argues that rules should be changed so it can levy rates on the power station to raise much needed cash. It says this money is provided in France in advance in a lump sum to pay for new investment in community facilities like modern sports centres and leisure complexes.

Opponents are divided between those objecting to the scheme on safety grounds—some of whom also want Sizewell A to close—and those, not necessarily anti-nuclear, who do not want the environment disrupted any further.

The latter view is best expressed by local estate agent Mr Tony Flick. He supports villagers along the B1122, the main route proposed for construction lorries, who are vehemently opposing the plans.

He says: "I do not object to nuclear power but I do believe that this rural area, with its small roads, should not have to accommodate another new *power station.*"

Many would agree with him but they appear to have lost their battle.

Now the party's over, a struggle with unemployment

THE RUINS of St Patrick's Chapel, built before the Norman Conquest above the village of Heysham, Lancashire, look out over the Irish Sea. Across the village stand the twin towers of Heysham's 660 megawatt advanced gas-cooled nuclear power stations.

The decision taken in 1967 by the Central Electricity Generating Board to build the two stations brought jobs and money into Heysham (population 13,633) and surrounding towns. Twenty years later, with construction in its final stages, the party is nearly over.

In a report to Mr Nicholas Ridley, the Environment Secretary, last August, Lancaster City Council predicted that the completion of the Heysham 2 power station would mean 5,500 *job losses by 1989. This could* raise unemployment from 15.3 per cent to 23 per cent, matching some of the worst-hit areas in the country.

"We are getting very, very anxious about the state of the economy of Lancaster when these jobs have gone," said Mr Bill Pearson, the Town Clerk.

The fundamental problem is how to drag a relatively unskilled workforce that developed on the back of traditional industries, like textiles, into a modern industrial economy.

Work began on Heysham 1 in 1970. At its peak, 2,600 construction workers were involved. After lengthy delays, the first unit of electricity was generated in 1983.

Heysham 2 was given the go-ahead in 1978. Construction began in 1980. Now, 1m tons of concrete later, it is nearly finished. Extensive testing revealed *problems* with control rods but electricity should be generated in September—six months later than planned.

The completion of Heysham 2 power station will bring 5,500 job losses, reports **Ralph Atkins**

The impact on the economy has been great. In June 1985, there were 5,900 workers on Heysham 2 earning an average of £200 a week. About half live locally.

The city council estimates that £8.5m a year in 1986 prices has been injected into the local economy by workers who have come in from outside the area. This does not include knock-on effects.

There are only about 3,500 workers left on the site. By the end of the year, this will fall to less than 1,000. No more than half will be offered alternative jobs with their existing employers.

On Tuesday the Conservative-controlled Lancaster City Council approved a district wide plan to use public expenditure to trigger private investment.

The council has already launched Enterprise Lancaster, a scheme which emphasises the potential of a deep water port and off-shore gas field in Hey*sham, the low cost of industrial* property and the services to industry offered by Lancaster University. The difficulty is that Lancaster's unemployed are mostly unskilled, whereas the investment the council is trying to encourage is high tech.

An on-shore gas development next to the power stations was started three years ago. Now employs about 200, but it has not yet proved itself the panacea it was hoped it might be.

A study by Lancaster University's market research department released this week shows that the technical content of associated projects was too high for local business.

Heysham 2: Anxiety over job cuts

Protest against Heysham 1 and 2 has been muted. Original plans were drawn up in the 1960s before the nuclear protest movement gathered strength.

A local organisation called Half Life was set up to campaign for the protection of the *environment, but even the* alternative magazine Undercurrents reported in 1975 that local hoteliers saw Half Life as more of a nuisance than the power stations.

Today the villagers are pragmatic. "*As far as I'm concerned* if anything happens, the nearer you are the less you'll know about it," said Mrs Sue Baines a *32-year-old mother of two* who works in the Moneyclose Inn overlooking the stations.

Mr Joseph Gallacher is Labour's parliamentary candidate for Lancaster and has researched nuclear power for six years. "There is a worry but I wouldn't over-play it. Speaking personally I'm not that anxious. I'm more con*cerned about low level radia*tion and that comes from Sellafield."

OVERSEAS NEWS

Anthony Robinson previews South Africa's May elections for a whites-only parliament long denounced as an "irrelevance"

Botha dispenses with the fanfare of reforms that have satisfied no one

A YEAR ago President P. W. Botha opened the South African parliament with the bold claim that "apartheid was an outdated concept" and committed the government to a programme of reforms. Within a week reality caught up with the rhetoric.

Foreign Minister Mr Pik Botha was slapped down by the President for suggesting that someday South Africa might have a black president and Mr F. W. de Klerk, party boss in the Transvaal, was backed for stating that integrated schools and residential areas were out "while my government remains in power."

The next day Mr Frederik van Zyl Slabbert stunned the house by resigning both as leader of the official opposition and from a parliament which he denounced as "a grotesque ritual in irrelevance."

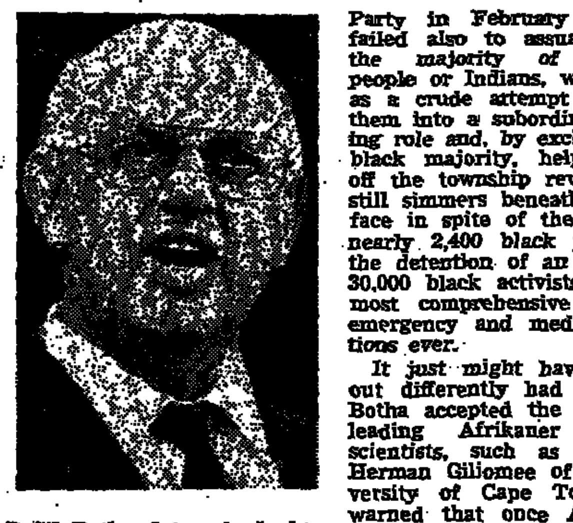
Yesterday President Botha opened a new session of parliament against the background of another resignation, that of his ambassador in London, Mr Denis Worrall.

There was no fanfare about reform in the run up to elections for whites only on May 6. Few doubt that the result will be the return to power of the National Party, as it has in every election since 1948. In this election, however the Afrikaner-dominated National Party looks like facing a much tougher and close fought election than it has for decades. If the result is a slashed NP majority — and the defeat of a few ministers in hitherto safe seats — the result might even raise the prestige of a parliament which over the years has seen its powers steadily whittled away as South Africa has slipped remorsely closer to autocratic rule and the rigours of a security state.

The South African parliament has always been a flawed instrument for democracy for the simple reason that it has never been representative of the whole people. It became even less so after 1955 when the NP abolished the common roll and thus eliminated indirect black representation.

Paradoxically parliament has come to be perceived as an even less perfect instrument of democracy under the 1984 constitution which, although giving direct, albeit separate, representation to coloured people and to Indians, both entrenched the NP bedrock of "separate group representation" and greatly enhanced the power of the executive, and the presidency itself.

Abolition of the four elected provincial councils, and their replacement by a presidentially nominated executive, and the attempt to introduce multiracial regional service councils at a local level follow a similar pattern.



P. W. Botha: future in doubt.

Extension of the franchise enraged conservative whites to the point that it provoked a split in the NP and formation of the ultra-right Conservative Party in February 1982. It failed also to assuage either the majority of coloured people or Indians, who saw it as a crude attempt to co-opt them into a subordinate flanking role and, by excluding the black majority, helped spark off the township revolt which still simmers beneath the surface in spite of the death of nearly 2,400 black protestors, the detention of an estimated 30,000 black activists and the most comprehensive state of emergency and media restrictions ever.

It just might have worked out differently had President Botha accepted the advice of leading Afrikaner political scientists, such as Professor Herman Giliomee of the University of Cape Town, who warned that once Afrikaners switched political allegience they were lost for ever.

Instead Mr Botha opted to try to implement a programme of controlled reform of apartheid at a pace which would not further alienate the right wing. He thus lost the chance to forge a new power base by assuming leadership of a broad-based reform coalition which would ultimately also include moderate blacks.

As a result, Mr Botha is leading into the elections a party which not only faces further erosion on the right but has recently suffered a defection on the left with the decision of its most "verligte" (enlightened) member, Mr Wynand Malan to leave the party and stand as an independent.

The fate of independents in the essentially tribalistic milieu of white politics is not a happy one, and few if any of the dozen or so other "enlightened" Nationalist MPs are likely to follow his example.

The public swing of business opinion against a Government which has badly handled the economy and isolated the country internationally means that more cash is likely to flow into the coffers of the main liberal white opposition party, the Progressive Federal Party. The latter, over the past few weeks, has improved its electoral chances further by making an electoral agreement with the dying New Republic Party (rump of the defunct United Party once led by General Jan Smuts).

The decision of the PFP and NRP not to split the opposition vote in marginal seats where one or the other have a good chance of unseating the NP is being matched on the right by similar attempts to create a right-wing election pact by the Conservative Party, led by Dr Andries Treurnicht, and the Herstigte Nasionale Party (HNP) under Mr Jaap Marais.

Denis Worrall: another resignation

Attempts by the traditionally fractious Afrikaaner right to reach an electoral pact have been complicated by the insistence of the CP that this should be the prelude to a formal merger between the two, urged on by the para-military fanatics of the Afrikaaner Weerstansbeweging (AWB) under Mr Eugene Terre'Blanche.

In the past Mr Botha, a professional party politician for 40 years, has proved a tough campaigner. Aged 71, he was recently pronounced fit by his doctors. Doubts over his future would multiply, however, if the party loses substantial ground and casts around for a successor. The clear front runner is Mr de Klerk. He is followed by Mr Chris Heunis, party boss in the Cape and as Minister of Constitutional Development the man most intimately connected with the stalled attempt to give blacks some form of political representation.

In the not unlikely event of a stalemate in the party caucus which chooses the leader Mr Pik Botha, Mr Gerrit Viljoen, ex-chairman of the Broederbond secret society and Minister of Black Education, or even General Magnus Malan, the Defence Minister, are rated outside chances.

Whoever emerges will have to don the mantle not only of party leader and head of government, but also of executive State President, a combination of powers bestowed on Mr Botha by a constitution in effect as tailor-made for him as that of the Fifth French Republic was for General Charles de Gaulle.

The danger is that under Mr Botha, who was Defence Minister for 14 years before becoming Prime Minister in 1978, effective power has shifted steadily away from parliament toward executive government. The key decision-making institutions have become his own informal "inner cabinet," the State Security Council in which the military and security forces play an ever-increasing role, and the network of Joint Management Committees (JMCs) composed of local administrators, security officers, co-opted local businessmen and planners. These are in effect the eyes and ears of the executive at a grass-roots level around the country.

Given the accumulated problems likely to face the eventual successor to Mr Botha and the steady erosion of parliament in favour of the executive, and especially the security component, questions are already being raised in South Africa whether the election announced yesterday will turn out to be the last for a long time.

Israel and Moscow in talks on Mid-East

By Andrew Whitley in Jerusalem

ISRAELI and Soviet officials met in Washington earlier this month, the Israeli Foreign Ministry said yesterday. The talks reportedly centred on the relaxation of exit restrictions for Soviet Jews and possible Soviet participation in a Middle East peace conference.

Disclosure of the meeting between the two countries' ambassadors to the US has coincided with a full-blown row between Israel's coalition partners, Labour and Likud, over the suggested conference.

The two parties take sharply different positions over the role of such a conference, regarded as essential if Jordan and the Palestinians are to be brought into the peace process.

Yitzhak Shamir, the Prime Minister, this week repeated his outright rejection of the idea, just as Mr Shimon Peres, the Labour leader and Foreign Minister, was telling European Community heads that he would support an international conference alongside direct negotiations.

The two party leaders are due to meet today to discuss their disagreement, against the background of a warning from Mr Peres that Labour could pull out of the coalition Government if a previous endorsement of the proposal by Parliament is overruled by the Likud chief.

The meeting in Washington two weeks ago between Mr Meir Rosenne, Israel's ambassador, and Mr Yuri Dubinin, his Soviet counterpart, has heightened speculation in Israel that the two countries may be on the verge of a breakthrough on the critical question of Soviet participation in a Middle East conference.

Mr Peres has hinted that he could drop his own opposition if the way were eased for Jews to leave the Soviet Union.

Following the abortive meeting in Helsinki last August, when Israel insisted on pressing the issue of Soviet Jews as a top priority, low-key contacts have been maintained at senior official level.

Cautious support for a Middle East conference has also come from Mr George Shultz, the US Secretary of State.

In a live satellite link-up with Israel and several othr countries on Thursday, Mr Shultz said that if an international forum could be constructed in such a way as to bring about direct negotiations between Israel and its Arab neighbours, there was "something to be said for it."

Ramos orders arrest of leading rebel officers

BY RICHARD GOURLAY IN MANILA

GENERAL Fidel Ramos, the head of the Philippines armed forces, yesterday ordered the arrest of a general and three colonels implicated in the military rebellion earlier this week.

The clampdown came as the Communist National Democratic Front, negotiators for the New People's Army, officially called off peace talks with the Government nine days before a ceasefire was due to expire.

General Ramos announced the arrest of General Jose Zumel in a statement designed to kill rumours of splits within the armed forces and to allay fears that the military has become a power broker.

"The armed forces have consistently upheld the flag, the constitution and our democratic institutions and defended the stability of our republic." General Ramos said.

A total of 13 officers, 385 other ranks and 137 civilians were involved in the attempt to take over key military installations and broadcasting facilities on January 27 and had been detained, General Ramos said.

He confirmed that 70 officers had asked for a meeting on January 28, the night the rebels surrendered at a television station. They asked him not to use force to end the siege soon after he had ordered tear-gas to be fired.

Many of the officers are members of a group seeking reforms in the army who are linked to Mr Juan Ponce Enrile, the former Defence Minister. He was fired by President Corazon Aquino in November because his name was linked to an alleged coup plot planned by members of the reform group.

Meanwhile the National Democratic Front in a statement at the funeral of victims killed when soldiers fired into a crowd of demonstrators on January 22, said it would honour the ceasefire until it is due to expire in nine days' time.

Describing the killings as "the darkest hour of the Aquino Government," the NDF statement said there was no hope at the moment of finding a "just peace" settlement to the 18 year insurgency.

On Thursday, two top police and military commanders in charge of crowd control on the day the 15 marchers were killed denied they had given the order to shoot.

General Zumel is the oldest brother of the chief Communist negotiator, Mr Antonio Zumel. The brothers spent Christmas together for the first time since Mr Antonio Zumel went underground, but they avoided talking about politics, the younger brother said.

Indonesians enjoy diversion of ex-president's missing millions

BY JOHN MURRAY BROWN IN JAKARTA

MISSING MILLIONS allegedly deposited abroad by former President Sukarno, Indonesia's first independent head of state, is providing the government with a convenient foil as it faces its worst recession in 10 years.

The story of the so-called "revolutionary fund" — front page news in Jakarta's newspapers for the past two weeks —involves a former Foreign Minister now serving a life sentence, a Tokyo bar maid, one of Mr Sukarno's six wives, and bank accounts in London, Switzerland and Japan.

The story was first published in December when Mr Suhardiman, a member of parliament for the ruling Golkar Party, told reporters about the fund. He said it consisted of £250m of gold bars deposited in the early 1960s in Barclays International in London and money in numbered accounts at the Union Bank of Mabelone in Geneva and Tokyo's Daiwa Bank.

Mr Suhardiman said the fund could be worth $16bn.

Mr Murdiono, cabinet secretary, this week called the figure "fantastic." However, he confirmed the Government was attempting to trace the fund.

According to one account, the money was a tax on plantation property expropriated from Dutch interests in 1957. Evidence for the fund revolves around documents allegedly supplied by Dr Subandrio, a former Foreign Minister, who along with Mr Sukarno, had access to the account.

Dr Subandrio, 72 years old, has been in prison in Jakarta since the aborted Communist coup of 1965, having had a death sentence commuted to life imprisonment.

The documents show that in June 1988 Dr Subandrio gave power of attorney to a Malaysian businessman Mr Mohammed Kasdi to access the account in the Union Bank, transferring $1m to Mrs Subandrio in Jakarta. He further authorised the bank to pay Mr Kasdi $35m which is described as "35 per cent of the account."

Few of those officials who are prepared to comment, doubt the existence of the fund. However, the amounts involved and the extent to which Mr Subandrio has used the account remains unknown.

The scandal comes at a time when Mr Sukarno has undergone something of a rehabilitation. Last November, President Suharto, who seized power in the wake of the 1965 coup, proclaimed Mr Sukarno "a national hero" 16 years after his death and a quarter of a century after he led Indonesia to independence from Dutch colonial rule.

Suharto supports monopolies system

BY OUR JAKARTA CORRESPONDENT

PRESIDENT Suharto of Indonesia has come out in support of monopolies in an apparent bid to silence critics of the system within the government, before national elections in April.

He said the system, whereby government-approved traders and importers control the supply and so set the price of key industrial inputs benefits the people and is in accordance with the 1945 constitution.

By rebutting the critics, among them the Finance Minister Mr Radius Prawiro, the President hopes to blunt the call for reform and end a debate which has become increasingly embarrassing for the first family.

The move is seen in part as a response to articles in the Hong Kong-based Asian Wall Street Journal which attacked the use of monopolies, alleging that many were controlled by members of the President's family. The issues of the newspaper containing the articles were banned by the Attorney General.

Crities of the system, including the World Bank, see it as the main cause of Indonesia's high-cost economy. The monopolies are also said to be complex to administer, offer wide scope for corruption and provide the government with no revenues.

I.G. INDEX
FT for January
1,431-1,437 (+9)
Tel: 01-828 5699

BASE LENDING RATES

	%		%		%
ABN Bank	11	● Charterhouse Bank	11	● Morgan Grenfell	11
Adam & Company	11	Citibank NA	11	Mount Credit Corp. Ltd	11
Allied Arab Bk Ltd	11	Citibank Savings	¶12.45	Nat Bk. of Kuwait	11
Allied Dunbar & Co	11	City Merchants Bank	11	National Girobank	11
Allied Irish Bank	11	Clydesdale Bank	11	Nat Westminster	11
American Exp. Bk	11	Comm. Bk. N. East	11	Northern Bank Ltd	11
Amro Bank	11	Consolidated Cred.	11	Norwich Gen. Trust	11
Henry Ansbacher	11	Co-operative Bank	*11	PK Finans. Intl (UK)	11½
ANZ Banking Group	11	Cyprus Popular Bk	11	Provincial Trust Ltd	12
Associates Cap Corp	11	Duncan Lawrie	11	R. Raphael & Sons	11
Authority & Co Ltd	11½	E. T. Trust	12	Roxburghe G'rantee	11½
Banco de Bilbao	11	Equator'l Tst C'p plc	11	Royal Bk of Scotland	11
Bank Hapoalim	11	Exeter Trust Ltd	11½	Royal Trust Bank	11
Bank Leumi (UK)	11	Financial & Gen. Sec.	11	Standard Chartered	11
Bank Credit & Comm	11	First Nat. Fin. Corp	11½	Trustee Savings Bank	11
Bank of Cyprus	11	First Nat. Sec. Ltd	11½	UDT Mortgage Exp.	¶12.25
Bank of Ireland	11	● Robert Fleming & Co	11	United Bk of Kuwait	11
Bank of India	11	Robert Fraser & Ptrs	12	United Mizrahi Bank	11
Bank of Scotland	11	Grindlays Bank	‡11	Westpac B'nking Corp	11
Banque Belge Ltd	11	● Guinness Mahon	11	Whiteaway Laidlaw	11½
Barclays Bank	11	HFC Trust & Savings	11	Yorkshire Bank	11
Benchmark Tst Ltd	11	● Hambro Bank	11		
Beneficial Trust Ltd	12	Heritable & Gen. Tst	11		
Berliner Bank AG	11	● Hill Samuel	§11		
Brit. Bk. of Mid. East	11	C. Hoare & Co	11		
● Brown Shipley	11	Hongkong & Shangh'	11		
CL Bank Nederland	11	Lloyds Bank	11		
Canada Permanent	11	Mase Westpac Ltd	11		
Cayzer Ltd	11	Meghraj & Sons Ltd	11		
Cedar Holdings	12	Midland Bank	11		

● Members of the Accepting Houses Committee. * 7-day deposits 6.69%. 1-month 7.03%. Top Tier—£2,500+ at 3 months' notice 10.09%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 6¼% gross. ¶ Mortgage base rate. § Demand deposit 6.69%. Mortgage 12¼%.

China expels French journalist for 'spying'

BY ROBERT THOMSON IN PEKING

A FRENCH news agency journalist was expelled yesterday following Chinese Government allegations that he had been gathering intelligence and had refused to leave the country in spite of several warnings.

The journalist from Agence France Presse, Mr Lawrence MacDonald, 32, a US citizen, had been given several days to leave, but the Chinese Government apparently changed its mind and used cloak-and-dagger tactics to expel him yesterday.

Mr MacDonald was summoned to a central Peking police station early yesterday morning, forced to sign an expulsion order, then taken to Peking airport in the back of a black Mercedes, and put on a Hong Kong-bound flight.

He is alleged to have gathered intelligence from a Chinese student, Lin Jie, who has been arrested by security officers, though no details of the charges against him have been released.

Mr MacDonald said the allegations were "totally absurd."

"I consider that his arrest and my expulsion are part of an effort to intimidate foreign journalists, and the Chinese citizens with whom they come in contact."

A brief statement released by the official Chinese news agency, Xinhua, said the Peking Bureau of State Security expelled Mr MacDonald because the French news agency "did not transfer him out of China as required."

Terry Waite reported in Beka'a Valley

By Our Middle East Staff

A FURTHER sighting of Mr Terry Waite, the Archbishop of Canterbury's special envoy, was reported in Lebanon yesterday and the country's leading daily newspaper An Nahar predicted that he would return to West Beirut within 48 hours.

However, the weekly magazine which last year was the first to reveal details of US arms sales to Iran, claimed that he was under house arrest and possibly kidnapped.

Ash-Shiraa quoted Moslem fundamentalist sources as saying Mr Waite had been detained because of the threat of US military action and he would not be freed until "the dust settled" over the current Iranian offensive in the Gulf war.

Contact with Mr Waite had been lost for 10 days, since he left his Druze militia bodyguard for secret talks with the kidnappers of Western hostages.

His disappearance coincided with increased tension in the region and a spate of kidnappings in West Beirut. A hitherto unknown group has threatened to kill its American hostages if the US uses military force in the Middle East.

An Nahar reported that Mr Waite, who is trying to secure the release of hostages, had been seen on Thursday travelling in a motorcade between the villages of Nahleh and Bazzanieh in the eastern Beka'a Valley.

This is an area where radical Shi'ite groups have bases, particularly those most closely linked to Iran.

Mr Walid Jumblatt, the Druze militia chief, announced yesterday that he was taking personal charge of the search for Mr Waite.

● Two bombs exploded in Beirut within minutes of each other yesterday. The blast in the eastern Christian half of the city killed two people and wounded several more. In the west a bomb badly damaged a restaurant, but there was no immediate report of casualities.

US pressure forces Seoul to cut tariffs

SOUTH KOREA announced yesterday that it was lowering tariffs and lifting import bans to ease US pressure to revalue the won against the dollar, Reuter reports from Seoul.

The South Korean Trade Ministry, partly responding to US calls for lower tariffs on 121 items, said it would cut import taxes by five percentage points on 24 products from July 1.

South Korea will also liberalise imports of 158 items, including sensitive agricultural products and large cars. This is part of its plan to open markets further to American goods to prevent punitive action by Washington over the trade surplus with the US, ministry officials said.

South Korea achieved its first overall trade surplus, of $4.3bn, last year. This was largely because the surplus with the US rose to more than $7bn in 1986, against $4.3bn the year before.

The won has gone up by 0.55 per cent against the dollar so far this year after a 3.34 revaluation in 1986. The central bank yesterday fixed the won at 856.70 to the dollar—the highest level since April 4 1985 when the rate was 855.30.

Current surplus in Japan hits record

BY IAN RODGER IN TOKYO

JAPAN'S current account surplus jumped to a record $9.4bn in December, pushing the total for the year to $85.9bn—slightly above most forecasts, and itself a new high.

The fresh surge comes at an embarrassing time for the Government, which is trying to fend off protectionist sentiment in the US and Western Europe by forecasting a sharp decline in its huge trade surplus this year.

Forecasts of the trade surplus decline this year vary widely, but may be devised following the December figures.

The full-year 1986 current surplus was 75 per cent above the 1985 level, thanks to the dramatic rise in the yen's value against the dollar and the slump in oil import costs. The trade surplus for the year was $92.7bn, 65 per cent up on 1985, but the volume of exports in 1986 actualy declined by 1.2 per cent.

The 7.7 per cent rise in exports in dollar terms in December to $19.2bn shows that the so-called J-curve effect—the impact of the rise of the yen against the dollar—continues to have an impact. In yen terms, exports were down 13.9 per cent.

Japan's overall balance stayed in the red because of the very large outflows of capital as large investors continued to seek higher yields abroad due to low domestic interest rates. In December, outflow of long-term capital reached $15.4bn, two and a half times the level in December, 1985. For the whole year, the figure was $131.8bn.

Iraq steps up air raids on Iranian cities

IRAQ STEPPED up air raids on targets in Iranian cities yesterday which Tehran said killed and wounded scores of civilians in residential areas, Reuter reports from Bahrain.

A Baghdad military spokesman said Iraqi jets hit eight towns and cities, while Iraq's ruling Baath Party newspaper repeated that attacks would continue until Tehran was forced to accept a just solution

Iran, which rejected an Islamic call this week for a ceasefire and peace talks, reported attacks on six of its towns and cities.

Iran's national news agency IRNA, quoting a military communique, said scores of civilians were killed and injured in Iraqi bombing raids on residential areas in the western cities of Khorramabad, Borujerd, Arak, Dezful, Bakhtaran and Ilam.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Saturday January 31 1987

The ice begins to crack

JUST WHEN many opinion leaders were beginning to despair of any useful response, either in trade flows or in policy, to the strains and the large currency adjustments of the last two years, things have begun to happen. The sharply reduced US trade deficit for December, and the downward revision of the reported November deficit, have revived American hopes that devaluation is beginning to work. At the same time the action of the Bundesbank in supplying liquidity to the German money market on a large scale, reducing market rates by more than 50 basic points, shows that the authorities there are at last worrying more about growth prospects than about monetarist doctrine. The dollar yesterday rallied quite sharply without any help from the central banks, and everyone should be able to sleep a little better this weekend.

This could easily prove to be another false dawn; the British have learned from long experience not to build too much hope on a single month's figures, and the January trade figure for the US could easily be awful again. At least, though, they will be fairly easy to explain away. It was only on Thursday that the threat of a 200 per cent US import tariff on gin, brandy and a range of other EEC products was lifted, and no doubt there were some massive clearances through customs to prepare for a possible siege.

The agreement which lifted that threat, and the more important agreement which cleared away the procedural obstacles to the Punta del Este trade round were the really big developments of the week. It seems clear that in trade negotiations, as in setting interest rates, the economic powers have had a good look into the abyss, and drawn back. Provided that the momentum can be sustained, this is a big policy turning-point, to note alongside the American relaxation of monetary policy in 1982, to make the debt crisis manageable, and the Plaza agreement on exchange rates of 1985. The aim now is to seek sensible monetary and trade arrangements, and to seek them by agreement.

Important trends

Can it all work? The new trade round is certainly ambitious. It involves a serious attempt to tackle farm subsidies, and for the first time it will bring in trade in services, intellectual property rights, and a regime for capital flows. It will take a matter of years to cover such an agenda, since trade negotiations involve endless horse-trading between countries and ad hoc interest groups; and since current problems are pressing, some trade authorities fear that the start of this effort has been left desperately late. The protectionists will be offering tempting quick fixes while the talks grind endlessly on.

This is why the economic trends which have begun to appear are so important. If the enormous imbalances which reached a record in 1986 are visibly beginning to correct themselves, then the world almost certainly has time enough for the haggling. It is still far too early to judge what may be happening to American trade flows; but in Britain there is now enough evidence to be suggestive.

Devaluation works

The trade figures for December and for 1986 as a whole seem to have attracted headlines about a slide back into deficit; but it is the export trends which really deserve a mention. In the past three months of 1986 the volume of British exporters, excluding oil and erratic items, was 3½ per cent higher than in the previous three months, and 9½ per cent higher than a year earlier.

This sustained export growth through the year has not protected the trade balance, because of low oil prices and the very high level of imports to satisfy the consumer boom; but it does show beyond doubt that devaluation works. The latest CBI trends survey gives every reason to hope that the trend will be sustained—and a warning that there may be a price to pay. Devaluation has made British goods more competitive, but it has also made British industrialists less inhibited about raising their prices.

Another announcement showed how long it takes for the response to a devaluation to come through fully. Vauxhall, the UK arm of General Motors, plans to raise its UK output by 100,000 vehicles in three years, and at the same time Opel, its German affiliate, will raise its UK purchases by £200m. This response to relative prices will improve the UK trade account by nearly £1bn when it is complete. Similar moves are no doubt being made by US multinationals, with the same long lead times; the latest figures for civilian purchases of investment goods in the US suggest that quite a strong production and efficiency drive is now beginning there. Provided the results show in time, the policy changes initiated this week have every chance of sticking.

BBC: the Milne years

Rough game beyond the Dickens and the cricket

By Christopher Dunkley

Alasdair Milne: more honoured abroad than home.

THE POST of Director-General at the BBC carries with it the specific function of Editor-in-Chief. It is consequently right and proper that those who hold the job should be judged not only on their success as diplomats, accountants and personnel managers but according to the programmes reaching the screen during their term in office

During Alasdair Milne's term there has been a clear increase in quantity but the BBC's historic position as sole occupier of the citadel of quality has been attacked and—arguably—lost.

That is not to say that Milne's BBC failed to make outstanding programmes. Great drama series including *Edge of Darkness* and *The Singing Detective* were made under his leadership, as were fascinating documentary series such as *Comrades* and *The Living Planet*. Situation comedy remained ahead of the competition as did BBC sports coverage and BBC children's programmes.

But the irony, and perhaps the tragedy of Mr Milne's career as DG is that while he managed to retain the corporation's reputation abroad as the world's leading public service broadcasting organisation, at home the BBC found itself under increasingly frequent attacks. There were political controversies over programmes such as *Real Lives* (which was about political extremists in Northern Ireland) and, currently, about the opening episode of *Secret Society* which was to have been devoted to the Zircon spy satellite.

These two cases illustrate an appalling dilemma facing any director-general; in the first instance Mr Milne was bitterly attacked for insisting that the programme should be screened. In the second, he has been equally fiercely attacked after deciding, for security reasons, that the programme should be withheld.

Yet it would be wrong to see his departure as resulting simply from the political clash between venerable liberal BBC values, to which he certainly adheres and the tough "market-place". philosophy of contemporary Conservatism. There were other programme difficulties which had little to do with politics. It will be a very long time, for instance, before *The Thorn Birds* saga fades from the BBC memory.

That was a "lust in the dust" mini-series which the BBC imported from Hollywood and which would have been rapidly forgotten like so many others but for the fact that it coincided with ITV's screening of *Jewel in the Crown*, one of the most impressive television drama series ever made

Mr Milne has always passionately defended the belief that the BBC must do the best that can be done in every area for all parts of the public and not merely for the BBC's old upper-middle-brow "Home Service" audience.

He is deeply hostile to those who urge (and he mimics them scathingly) "Do what you do best old boy, you know, Dickens and cricket, and leave the rest to the commercial chaps."

Mr Milne defended *The Thorn* attracted BBC's biggest audienc *Birds* on the grounds that it attracted the BBC's biggest audiences for a year and, on a per capita basis, worked out very cheaply. He was determined to continue serving the main bulk of the audience, and not to allow the BBC to be marginalised as public service broadcasting is in the US, and as it is rapidly becoming in Italy, Canada and elewhere.

He feared the "salami slicing" effect which would cut away successive bits of BBC output, allowing commercial broadcasters to take over, until the Corporation was left to do merely those programmes from which others could not make a profit: educational series, Shakespeare, serious current affairs, and so on.

That is why he was determined not to be upstaged with breakfast television, but to get on the air before TV-am. Among the harder-nosed men in commercial television and their friends in the Conservative Party, this was seen as a spoiling operation, but to Milne it was a pre-emptive strengthening to avoid another breach in the public service bastion.

Precisely the same applies to daytime television which, under his leadership, has recently been beefed up substantially. BBC 1 now offers a service of popular programmes from breakfast time right through till midnight, and ITV has not yet begun to compete.

Though none of his friends would expect to find Alasdair Milne watching EastEnders for his own enjoyment, this series, too, was part of the long-term plan to maintain. The BBC's standing as *the* national broadcasting organisation in Britain. The idea was to produce a twice-weekly soap opera to serve as a "ratings banker," featuring regularly in the weekly Top Ten list, sustaining the BBC's continued claim to the licence fee as providers not merely of good minority programmes but of the full spectrum from specialised documentaries to mass-appeal drama.

It succeeded beyond expectations. But those who perceived the bookend at the other end of the BBC's shelf as being the Corporation's flagship news programme have been disappointed. Though the news is closer to Mr Milne's personal interests (despite his origins in Current Affairs which is traditionally seen within the BBC as an opposing camp) the *Nine O-Clock News* has been in relative decline for some years. "Relative" is important because much of the change has been due to ITN's improvement rather than the BBC's deterioration. On the credit side, however, the much-admired Newsnight programme flourished during the Milne years. But the fact remains that BBC news has a higher standing in the world at large today tan in Britain.

History may show that Alasdair Milne was the last of the programme-makers to rise through the ranks and run the biggest programme-making organisation in the world. One of the strongest contenders to succed him is Michael Checkland: an accountant who has never made a programme in his life.

One day it may seem clear with hindsight that programme problems were less important in Mr Milne's departure than personality clashes, plus the twin threats of the television technology revolution and the advance of free-market economics.

Man in the News

Denis Worrall

A liberal academic goes home to fight

By Malcolm Rutherford

MR DENIS WORRALL, the South African Ambassador to Britain, whose resignation became known yesterday, had become an increasingly frustrated man. At a dinner party in London shortly before Christmas he said that he was thinking of forming a two-man Ambassadors' Club along with Dr Reginald Thomas, Vienna's envoy in London, who has also been looking a bit lonely because of the allegations about Dr Kurt Waldheim, the Austrian President.

Dr Worrall left the next morning for South Africa. I remember wondering at the time if he would ever come back except to pick up his things. For it was clear that he had gone to talk about his country's political future—and his own. The idea of being the attractive, liberal intellectual face of South Africa in London had palled; it had become more important to him to go and fight for what he stood for at home.

He was disappointed — not that he would admit to that word — on two fronts. London had not listened to him as much as he would have liked and the South African Government had not delivered enough of the reforms in which he believed. On one side, he was assailed by British liberals telling him how awful South Africa was. On another. there were people whom he had assured time and again that maor reform was in the offing and who had come to the conclusion that he had been over-optimistic.

That was almost certainly the conclusion that he had reached himself. Although he continued to be assiduous in his duties, there was no joy in being repeatedly called to the British Foreign Office and hauled over the coals for actions by the South African authorities that he did not intellectually support.

He probably also lacked friends in the South African Embassy, one of the functions of which is to cultivate the British right rather than to pursue the reasoned, diplomatic debate about South Africa that Dr Worrall preferred.

A prime example of the way he was caught out both ways was his approach to the Eminent Persons' Group which was appointed to try to ease South Africa's problems last year.

Dr Worrall says that he wrote a neutral report to Pretoria about the purpose of the Group. He did not expect that the Group would be officially received. To his surprise, it was. Then the talks broke down just when it seemed that some progress might be possible. Dr Worrall was blamed in South Africa for having recommended the Group in the first place and had to take the flak in London for the lack of success.

Late last summer he was saying that a snap general election in South Africa was imminent. The reasoning was that President Botha needed a new Parliament to give him a free hand to introduce the reforms that he had sometimes promised. It was essential, the Ambasador argued, to challenge the extreme right which was against reform of any kind, and then be able to name a new Cabinet which would set the reforms under way.

He was partly right. It was announced yesterday that an election will take place on May 6. It is much more questionable whether President Botha will use it as a springboar d for liberal change.

Dr Worrall has long acknowledged that a South African Government would have to fight an election campaign on a platform of opposition to outside intervention: black and white. The subtity, he thought, would lie in using the victory to confound the critics by going ahead with reform regardless.

It would almost certainly not, even under Dr Worrall's guidance, have been one person, one vote. He argues that ethnicity is a fact of South African life and has to be lived with. One of his regrets is that the Eminent Persons' Group, the British Government, and the US all failed to make an offer of putting up experts to devise a constitution for a country that is truly *sui generis*. He was himself the chairman of the Constitutional Committee that led to the limited reforms of 1984 and on which he hoped—and presumably still hopes—to build.

For his pains, he was sent to the Embassy in Canberra, then London. He will now almost certainly contest the elections as an independent.

It has never been easy to be a liberal in South Africa of the non-armchair variety. It is possible to achieve fame or notoriety, depending on which way you look at it, but very little power—especially at home. Where Dr Worrall differs from most of the others is in his determination to fight the battle from within the mainstream: a South African of English descent in what has become a predominantly Afrikaner political culture.

First he worked from within the Nationalist Party; now he will be looking for some Nationalist allies, despite being an independent. Some of them could be quite surprising names from inside the present

Dr Worrall is only 51. Almost everything about him personally is unusual. His wife, Anita, is Rumanian. Two of his sons are called Lydon and Dean, a reflection of the time that he was in the US as an academic. Almost anyone who was taught by him, however their views on South Africa may have developed, remembers him with respect and with affection. He plays tennis well and very competitively. He is occasionally to be seen riding a tandem bicycle with his wife around the streets of Kensington.

He will be missed. But those who know him will watch with fascination what is unquestionably a move of great political courage.

Richard Lambert looks at the stockbroker branded as 'crooked' in a Commons debate

Cazenove: fortunate in its friends

"THEIR STATEMENT raises all sorts of questions. But I just know in my bones that they are not the sort of people to undertake any improper transactions."

Thus one of the City's senior investment managers, a Cazenove client for 15 years or more. But in a week when Mr Allan Rogers, Labour MP for Rhondda, told the House of Commons that "They are all crooks," debate about the role and conduct of the firm during the course of last year's bid for Distillers has put it where it least likes to be: in the headlines, and uncomfortably close to a serious financial scandal.

The central question is: how could Cazenove, the most expert of stock market operators, not have known that the shares of its clients, Guinness, were being manipulated on a large scale? A lengthy press statement on Thursday—itself an unheard of public exposure by this most discreet of firms — could only comment: "It is clear . . . that a very significant number of transactions took place without our involvement."

The firm has a unique position in the City. It operates out of a handsome town house tucked away in an alley behind the Bank of England. Nothing could be further removed from the flashy atriums and giant dealing halls which have sprung up all over the square mile. One of its senior partners, Mr John Kemp-Welch, has the air of a kindly headmaster: the other, Mr Anthony Forbes, is central casting's idea of a decent City gentleman of the old school. Mr David Mayhew, the partner involved on a day-to-day basis in the Distillers bid, is cut out of the same cloth.

The image of the gentleman amateur is a long way from reality

Understatement, even self-deprecation, is encouraged. Pinned to the wall about their firm's power, Cazenove people tend to stammer about their good luck, or about being fortunate in their friends.

Yet this image of the gentleman amateur is a long way from reality. Cazenove is the most professional of firms, formidably well connected, and its list of corporate clients is far longer than its nearest rivals. This gives the firm enormous patronage, which it uses to persuade investors to support its interests.

It is the only major stockbroking firm powerful enough to have retained its independence over the period of Big Bang. While lesser firms rushed into the arms of better capitalised businesses, Cazenove retained its partnership structure and gained access to large amounts of capital by way of a loan stock and a permanent underwriting syndicate backed by a powerful group of institutional investors.

It is also prepared to play rough. Indeed, the Takeover Panel in its present form was set up in direct response to the aggressive tactics used in the bid for Gallaher back in 1968 by Cazenove and Morgan Grenfell — the merchant bank which has been rocked by its involvement in the Guinness affair.

In criticising its behaviour during the bid for AE last autumn, the Takeover Panel said that "the frequent involvement of Cazenove as professional advisers in bid situations makes their lapse the more surprising."

Yet its integrity has never been questioned in the City, where this week's statement that the firm had not been aware of, let alone involved in, illegal activities was greeted with relief.

Morgan Grenfell had lost friends through its aggressive bid tactics, and in some quarters its problems have not aroused much sympathy. The response to Cazenove's embarrassment has been subtly different. The financial institutions have been closing ranks, and rallying around.

It boils down to the fact that Cazenove's style is approved, Morgan's resented.

Yet the questions remain. How was the Distillers bid actually handled, and what was the role of the "war cabinet" — the group of executives led by Mr Ernest Saunders, then chairman and chief executive of Guinness, and including Mr Mayhew, who handled the management of the bid?

The suggestion inside Cazenove is that this was much less organised and coherent group than has been assumed: that large numbers of advisers of all types were flooding in and out of the Guinness headquarters during the hottest stages of the battle. On this view, it would be misleading to think that a small group of advisers could see all the strings that were being pulled.

Cazenove people argue that in the closing days of single capacity, as jobbing firms positioned themselves for the Big Bang, it became much harder for broking firms to get a feel for the volume and nature of trading in securities during the course of a takeover. This was the interim stage between the old and the new, when the jobbers had been taken over by financial conglomerates but still did not have to make any public disclosure of their transactions.

Even so, should not the firm's famously sensitive antennae have trembled when the Guinness share price started to push ahead so strongly? The answer, of course, is that they should—but that may be partly a matter of hindsight.

Cazenove must be well aware that this week's statement will not put an end to the speculation, and that there is more unpleasantness to come. The firm was infuriated by the public letter from Mr Gerald Ronson to Guinness earlier this month, which—by referring to a "representative of eminent brokers acting for Guinness"—led some (including the Financial Times) to conclude erroneously that Cazenove was involved. As the investigation moves on, mud may well fly in all directions.

Will the scandal have a lasting impact on the way that Cazenove does its business? Some hope that it will not; that the firm will continue to offer an exclusive and private service in its traditional style. But the younger brigade are doubtful. They believe it is not going to be enough in future to conduct business on the basis of trust. More assurances will have to be sought, more instructions will need to be confirmed in writing, more questions will have to be asked and fewer assumptions taken for granted.

An awareness that this week's statement will not end the speculation

In that event, the Guinness affair will turn out to have marked—in a very messy way—the last days of the club.

UK COMPANY NEWS

Rockware calls for £24m to fund plastics expansion

BY TONY JACKSON

Rockware Group, glass bottle manufacturer, is almost doubling its equity base with a £24.2m rights issue. The cash is to be used to expand the group's busines in plastics and especially glass, and to rebuild the balance sheet.

Rockware forecast pre-tax profits of £2m for the year to December 1986, compared with £61,000 the year before (£2.5m before exceptional items) and is to pay an interim dividend of 0.7p net in lieu of final.

The issue is priced at 50p, on the basis of one for every 1.243 shares held. Rockware's shares closed 8p higher at 69p.

Sir Peter Parker, chairman, said: "The first thing this means is that we are no longer workl ing forthe banks. The next thing is to get moving in plastics."

He said Rockware would be looking to higher-margin plastics products, overseas as well as in the UK, and would be spending both on capital investment on existing plant and on acquisitions.

"I would be surprised if we were not moving on one or two smallish deals within three months," he said, adding that the group aimed to be as big in plastics as in glass.

Rockware also aims to expand in speciality glass, where its Bagley plant makes decorated glass containers for the cosmetics industry. "I want to see design applied to glass more effectively." Sir Peter said. "The French pull that off well, but we don't over here. I reckon we can have a go at a lot of the French imports."

On the commodity glass bottle side, Sir Peter said the rationalisation programme was effectively complete, with the workforce reduced by 1,000 to 3,500 since the end of 1983.

Capacity would not necessarily be reduced further, he said. "There have been pretty hefty closures in the industry in the pst couple of years, and we've done our bit. After a *few years when demand went* down by 2 per cent or 3 per cent per year, it has recently been fairly level.

"Excess capacity is around 3 per cent, andthere's a tight-lipped smile in the industry at seeing it that low." he said.

The proceeds fromthe issue will also be devoted to restoring the balance sheet. Sir Peter said gearing had been as high as 60 per cent, but would now *fall to about 20 per cent.* The issue, which has been placed with institutions, has a 100 per cent clawback facility for existing shareholders.

See Lex

Fothergill receives alternative approach

By David Thomas

Fothergill & Harvey, Lancashire-based manufacturer of advanced and electrical insulation materials, which has been fighting a takeover bid from Courtaulds, the international textiles, chemicals and industrial products group, announced last night it had received an alternative approach.

Fothergill described the *approach as tentative and said* it might lead to an alternative to Courtauld's revised offer. Fothergill refused to comment further on either Courtauld's latest offer or the new approach until the situation had been clarified. However, it promised to keep shareholders fully informed.

Courtaulds increased its offer to £38.8m from £28m on Wednesday, a move which many commentators thought *Fothergill would find difficult* to resist. Courtaulds increased its stake in Fothergill to about 13 per cent immediately after makinf its new offer.

The initial response from Fothergill's board was that the ne wterms *still did* not reflect the full value of the group.

Courtaulds is increasing its cash or loan note terms from 235p to 300p with a nine-for-11 alternative.

Scandinavian Bank profits rise 86% to £26.4m

BY DAVID LASCELLES

Scandinavian Bank Group, *the UK consortium bank which* plans shortly to obtain a listing for its novel multi-currency shares on the London Stock Exchange, yesterday reported sharply improved profits for 1986.

Pre-tax, the bank earned £26.4m, an increase of 86 per cent on £14.2m reported in 1985. After tax and minority interests, the profits were £16.7m, up from £7.2m.

Mr Garrett Bouton, chief executive, said the increase reflected strong growth in the bank's international business, particularly in Switzerland, Italy and Hong Kong. Operations which were particularly profitable included treasury, investment management and foreign exchange dealing. The bank's Swiss subsidiary, Banque Scandinave en Suisse, also did well.

Mr Bouton said the profits had been struck after what he termed a "sizeable addition" to the group's provisions for bad and doubtful debts. He would not specify the sum, but he said the provisions had been made in the light of general operating conditions rather than because of single or concentrated exposures.

The bank has a balance sheet of £3.5bn and total shareholders funds of £126m.

Ranked as the UK's 11th largest bank in 1985, the bank is owned by five banks from Iceland, Norway, Sweden, Finland and Denmark. New capital is being raised by the flotation of between 25 and 50 per cent of the group on the London market.

The shares will be traded in the form of Capital Currency Units (CCU), a basket consisting of 50 per cent dollars, 20 per cent sterling and 15 per cent each DM and Swiss francs. The units will be denominated in sterling, and the dividends also paid in sterling.

The bank transformed its capital into CCUs after a ground-breaking High Court decision in December, and yesterday's results were presented on that basis.

The units are intended to protect the bank's capital ratios from fluctuations in the sterling value of its assets, the bulk of which are in other currencies. Following a recent internal share offering, 97 per cent of the staff are shareholders.

Mr Bouton said yesterday that the flotation would occur within a matter of weeks depending on market conditions. "It's the natural thing for us to do. We are the largest UK bank without a listing," he said.

Several other banks, companies and foreign regulatory authorities had contracted Scandinavian for information about its new capital structure since it was announced last month, he said.

W&D builds up 5% stake in Vaux

By Lisa Wood

Wolverhampton and Dudley Breweries, the West Midlands-based brewery, yesterday announced it had built up a 5 per cent share in Vaux, the Sunderland brewer which includes Norseman lager among its brands.

Vaux'h share price jumped sharply and finally settled at 567p, up 68p on the previous day.

W. and D. has hold Vaux, the object of much take-over speculation over the past year, that the 1.95m shares bought were for investment purposes. Last year W. and D. failed in its hostile bid for Davenports, the *Birmingham brewer.*

Vaux, which had an earnings per share growth of about 11 per cent in the year ended September 27 1986, better than many in the City expected, made no comment yesterday except that it was investigating with its professional advisers the circumstances under which the stake was built up. It is understood that most of the holding was acquired between July and November 1986.

As to the intentions of W. and D., Mr Daniel Leaf of Wood Mackenzie, the Edinburg-based stockbrokers said: "Wolverhampton and Dudley are at least hedging their bets. If somebody else bids for Vaux they could exert some influence and try to get parts such as the brewing division."

W. and D.'s share price closed at 291p, unchanged on the day.

Investment costs hit Haynes

WRITING OFF investment costs affected the profits of Haynes Publishing Group in the half-year ended November 30 1986, but the second half should produce an improvement.

Overall, actions taken over *the last 18 months should* ensure a return to the previous steady growth in pre-tax profit, said Mr John Haynes, chairman.

Benefits accruing from the busier programme would be felt later this year and for many years to come, as the group was primarily a backlist reprint book publisher, he said.

In the half year turnover rose from £5.05m to £5.81m, but trading profit fell to £690,000 (£767,000) and pre-tax balance to £732,000 (£850,000), after interest charges of £3,000 (income £49,000). The additional investment cost £146,500, and the trading profit was *reduced by that as origination* costs were written off when incurred, Mr Haynes explained.

The UK contributed £4.21m (£3.62m) to turnover and £600,000 (£660,000) to trading profits, with North America accounting for £1.6m (£1.43m) and *£90,000 (£107,000).*

Mr Haynes said the UK continued to increase its customer base. From tomorrow the recommended retail selling price of the three main product groups—*car owners workship* manuals, motorcycle workshop manuals, and car owners handbooks—would be increased. That would help offset the erosion of markets.

In the US margins had started to *improve and further inroads* were being made with regard to new accounts. In particular the first major retail chain store customer with 327 outlets was preparing to stock the group's titles.

Earnings for the half year came to 9.42p (10.26p) and the interim dividend is maintained at 5p net. Total for 1984-85 was 14p paid from pre-tax profits of £1.56m (£1.7m).

Below the line there was an extraordinary charge of £28,000. It represented amounts due to the president of the US company when it was decided to terminate his contract. Mr Eric Oakley, formerly vice president of sales and marketing, had been promoted to *president.*

● comment

Most book publishers write-off the costs of originating new titles over five years, and Haynes's figures would look a deal better were it not for the company's unusual habit of writing them off as incurred. That particular idiosyncracy cost £146,500 more this time than in the previous first half, and that combined with the £166,000 cost of a television advertising campaign left the pre-tax figure looking even more ragged than it was at the end of last year. The long-suffering investors again proved *forgiving,* however, and the shares were unchanged at 325p. If Haynes's hopes for the second half are realised, full year profits of £1.7m to £1.8m are in prospect, producing a prospective p/e ratio of 14 after a 35 per cent tax charge. That looks a bit rich, but the price is buoyed by the shareholders' market unshakeable conviction that one day, the US side of the business will take off. They may even be right... one day.

Dwek expands with £9.5m acquisition

By Mike Smith

Dwek Group, the consumer products manufacturer and distributor whose share price has quadrupled in the last year, yesterday unveiled an acquisition which will more than double its profits and assets.

Its £9.5m purchase of Symphony International, distributor of handbags and travel goods, is the climax to a period of hectic change.

During the last two years Dwek has transformed its fortunes through a series of *acquisitions and disposals.* Losses of £177,000 in 1985 were turned into profits of £130,000 in 1986.

The share price has risen from 27p at the beginning of last year to 130p in November, when dealings were suspended because of negotiations for the purchase of Symphony.

Dwek yesterday said that annualised profits for the enlarged group would be at least £2.7m before tax for the year to March 31 1987. Without the acquisition the company would have expected profits of £1.2m for the 15 months to that date.

Fully diluted earnings per share are forecast at 5.54p, an increase of 36 per cent on the likely outcome if the acquisition had not been made. Total assets will rise to £6.4m, from £1.7m.

Mr Maurice Dwek, chairman, said the group intended to continue to expand both organically and by acquisition, although no negotiations were in progress.

Shares in Dwek remain suspended until the acquisition has been approved by an extraordinary meeting.

Tyne Tees TV sees £4m profit

The directors of Tyne Tees Television Holdings have stated that they expect pre-tax profit for the year ended December 31, 1986 to be not less than £4m. The preliminary announcement would be made on March 12, they added.

Wholesale Fittings up 13.5%

Wholesale Fittings, Essex-based wholesale electrical distributor, increased pre-tax profit by 13.5 per cent in the six months to October 24, 1986. Profit moved ahead from £2.22m to £2.52m on turnover up from £19.21m to £21.47m.

The directors said that the company had acquired premises in Redditch, Worcestershire, which would shortly begin trading. This would bring the total number of outlets to 27. In line with the company's continuing policy of expansion plans were well advanced for the opening of two further depots.

Operating profit rose from £1.92m to £2.23m while receivable bank interest dropped slightly from £303,000 to £295,000.

Arter tax virtually unchanged at £883,000, earnings per 10p share worked through at 11.7p, up from last time's 9.5p. The directors declared an increased interim dividend of 2.24p (1.87p).

Under a current cost basis, operating profit totalled £1.87m (£1.6m); profit after tax £1.28m (£1m); and earnings per share 9.1p (7.3p).

● comment

Wholesale Fittings is a cautious company. Its statements are *reticent in tone, its accounting* policies are cautious, it puts aside cash for the inevitable rainy days. Gradually, almost imperceptibly, it increases its *outlets, pushing up its turnover* and profits accordingly. The only sign of any great change is a more generous dividend policy: the historic yield has now edged up to 3.6 per cent. Wholesale's profits stalled in the depression of 1980-82 and a downturn in the economy would probably stop growth in its tracks. But this is a share to lock away and forget about; it will not make you rich but nor should it give you sleepness nights. Assuming pre-tax profits of £6.3m for the full year, the *shares at 340p are on a prospective* p/e of 11.5.

Profits fall at Plastic Constructions

The accelerating fall in the pound in the second half took its toll on Plastic Constructions, restricting turnover and cutting profit margins. Over the year ended September 30 1986, turnover moved up from £15.64m to £18.72m, but pre-tax profit fell from £472,000 to £333,000.

Earnings were down to 4.44p (6p). The dividend is held at 2.8p net, with a final of 1.923p (1.964p).

The directors reported that the trading year was dominated by the fall of the pound and the significantly increased costs of the majority of imported materials.

While order intake for fabrication work was irregular in the year, the order book and inquiry rate was now at a higher level, with the materials sales division achieving its target despite volatile market conditions.

Yule Catto challenges Barrow's profit forecast

BY CLAY HARRIS

Yule Catto, the chemicals and plantations group, yesterday challenged the profit forecast produced by Barrow Hepburn, the target of its £18m takeover bid.

Barrow, a chemicals and engineering group, estimated *that pre-tax profits slipped by* about £60,000 to £2.2m in 1986, but forecast a 36 per cent rise this year to £3m.

The profits setback in 1986 was largely a result of the effect of a strong lira on dollar-denominated contracts booked by Rizzi, its Italian engineering subsidiary. A change in Italian regulations now allowed Rizzi to hedge its risk, Barrow said.

Yule Catto said, however, that a 1986 pre-tax figure comparable to the previous year's result would not exceed £1.8m. It pointed to special items including a change in accounting policy for goodwill which increased profits by £120,000 and a pension holiday of £171,000.

Mr Ray Way, Barrow chief executive, said last night that the change on good will brought the company in line with majority practice. Barrow also did not envisage having to *resume payments to its pension* fund before April 1988.

Barrow also forecast a rise in earnings per share from 4.13p in 1985 to 4.75p last year and 5.7p in 1987. It planned to increase dividends to 3.2p this year from the promised 2.7p for 1986 and 2.5p in 1985.

Mr Way said that extraordinary charges, also criticised by Yule Catto, reflected Barrow's transition from a hides and leather dealer to a company in which an estimated 59 per cent of trading profit last year came from chemicals, with 22 per cent from engineering and 19 per cent from consumer goods.

Appletree to merge with Hunters

By Clay Harris

Appletree, the USM-quoted fruit and vegetable packer and distributor, plans to merge with Hunters, a private crisps and snack foods manufacturer founded by Mr David Johnson, Appletree's chairman.

Under the agreed offer announced yesterday, Appletree shareholders would receive 44 per cent of a new company, to be called Appletree Holdings, with the majority 56 pex cent going to shareholders of Hunters.

The combined company would be valued at about £18m based on Appletree's suspension price yesterday of 150p. Mr Johnson will hold 47.4 per cent of Appletree Holdings, which intends to apply for a full listing.

Appletree have announced pre-tax profits of £769,000 (£738,000) on sales of £17.8m (£14.1m) for the year to September. An unchanged final dividend of 1p is proposed to make a total of 3p (1p). For the same period, Hunters reported profits of about £890,000 on sales of £18.4m.

ANDRE DE BRETT (direct mail order house): Earnings per share 0.82p (0.84p) in the six months to September 30 1986. Turnover £3.2m (£2.8m) and pre-tax profit £101.000 (£112,000). Operating profit £157,000 (£176,000). Net profit £66,000 (£67,000) after tax of £35,000 (£45,000).

Watsham's surge

Growth has continued apace at Watsham's, maker of optical, medical and technical products. For the half year ended September 30, 1986 turnover rose 20 per cent to £14.3m while the pre-tax profit advanced 54 per cent, from £1.17m to £1.8m.

Shareholders enjoy an increase in their interim dividend from 1.2p to 1.35p net, at a cost *to the company of £369,000* (£246,000). Earnings were 4.3p (3.6p).

Mr W. G. Haydon-Baillie, chairman, said the group continued its policy of consolidating internal expansion and adding to activities by acquisitions.

Fort he whole of 1985-86 the group made £2.62m pre-tax and paid 3.6p.

Dualvest plans unitisation

By Clay Harris

Dualvest, a two-tier investment trust, yesterday unveiled plans for transfer of its assets into a new unit trust, MIM Britannia Assets and Earnings Trust.

The unitisation proposal is designed to enable capital shareholders to avoid taxation arising from the increase from the £1 price, when the trust was launched in 1965, to the £19.25 in net assets per share at present.

Income shareholders would be repaid the 50p nominal price of their shares plus 1p premium. The remaining £38.5m in net assets would be transferred to the new unit trust, after deducting estimated expenses of less than 1 per cent.

The new trust will have the same management as Dualvest and will have similar investment objectives, to achieve capital growth with an average dividend yield.

The Merchant Navy Officers Pension Fund, which holds nearly 24 per cent of the fund's capital shares, has indicated its intention to support the proposal on February 16. The unitisation is due to take effect on February 27.

Globe Investment NAV ahead at nine months

Globe Investment Trust had an improved basic net asset value of 166.15p per share at end - December 1986 against 163.02p nine months earlier. On a fully diluted basis net asset value rose from 156.08p to 162.44p.

Net revenue increased from £14.2m to £16.16m, and after minorities, attributable profits were £1.9m ahead at £16.1m, for earnings of 3.09p (2.8p) basic, and 3.07p (2.76p) fully diluted.

Commenting on the results Mr David Hardy, the chairman, said the group had received some excellent increases in dividends together with higher underwriting fees from current corporate activity. Profits had also been helped, he said, by increased returns from some of the group's unlisted investments.

The chairman reinforced his view, expressed at the time of the half year results, that the first half increase in attributable profits was unlikely to be sustained for the year.

He added, however, that, with Globe's total assets less current liabilities being over £1bn for the first time, it had become the world leader in the investment trust movement.

Total group income for the nine months improved to £28.8m (£26.44m), and pre-tax revenue to £23.19m (£20.86m).

Hallite profits warning

LOWER interest charges helped Hallite to report pre-tax profits little changed at £42,000 for the 26 weeks ended November 1 1986, against £46,000 for a comparable 27 weeks period.

The company warned, however, that full year results would be significantly worse than the £617,000 (£701,000) for 1985-86.

Earnings for the group, a synthetic rubber and plastic precision seal maker, came out at 0.9p (1p) per 50p share, and the interim dividend is maintained at 3p.

Mr Alan Dick, the chairman, said changes to improve group performance would take time to show through.

On reduced turnover of £6.59m (£7.64m), mainly due to the sale of businesses, operating profit for the half *year fell to £107,000 (£209,000),* and interest took £65,000 against £163,000.

Powersure Products to join Third Market

BY ALICE RAWSTHORN

Powersure Products, which plans to market power protection products, has emerged as the first greenfields venture to announce proposals to join the Third Market, the Stock Exchange's new forum for the shares of small companies.

Powersure intends to market a range of uninterruptable power supply and power suppression systems for micro and mini computers. It will raise launch capital through the Government's Business Expansion Scheme and plans to secure second round finance by staging an issue on the third tier in early summer.

The company has launched a BES issue, sponsored by Central Development Capital, to raise between £130,000 and £195,000 which, together with the £100,000 mustered from its directors and Government support, will enable it to set up business in Scotland.

According to Mr Mark Leckstein, chairman and managing director, it will use the capital raised from the Third Market to fund diversification into Europe. The third tier issue will be sponsored by the stockbrokers, Harris Allday Lea & Brooks.

When proposals for the Third Market were first drafted, the Stock Exchange intended that the new market should accommodate greenfields ventures. Powersure is, thus far, the first start-up company to come forward to join the third tier. Hitherto publicly-quoted greenfields companies have opted for the Unlisted Securities Market, but have, generally, been unable to develop into successful businesses.

SEET profit drops 39%

THE WEAKNESS of the dollar *against sterling* and the drop in the tourist trade were responsible for a 39 per cent fall in pre-tax profit at Scottish, English and European Textiles from £672,000 to £404,000 in the six months to October 31 1986.

The directors said that to date trading in the second half had been similarly affected.

Group turnover fell by more than 35 per cent from £8.5m to £5.5m during the same period.

After tax charges down from £266,000 to £141,000, earnings per share worked through at 5.76p—a drop from last time's 8.32p.

The directors declared an unchanged interim dividend of 1.6p.

Ailsa Trust

Net asset value of the 25p shares of Ailsa Investment Trust rose from 116p to 152.5p over the 12 months to November 30 1986. At January 20 the figure had risen to 162.9p.

For the half year to November 30 revenue after tax declined from £1.11m to £927,000.

However, income from the portfolio investments and the revenue reserves enable the directors to forecast a final dividend no less than last time's 1.5p. A same-again interim of 1p is being paid from earnings per share of 1.81p (2.17p).

COMPANY NEWS IN BRIEF

GT JAPAN Investment Trust: Net asset value per 25p share 299.8p (158.8p) at December 31 1986. Revenue for half year to end - December £254,504 (£152,569) after tax of £111,276 (£101,717). Earnings 0.9p (0.62p) or 0.88p (0.58p) undiluted. Interim dividend 0.4p (same).

RAGLAN PROPERTY Trust (property developer): Turnover £4.76m (£4.59m) and pre-tax profits £239,000 (£122,000) for the half year ended September 30 1986. Earnings per 1p share 0.13p (0.05p) and net asset value 7.4p (7.3p). Directors confident of successful year.

EDINBURGH AMERICAN Assets Trust is paying a dividend of 0.65p (0.6p) for 1986, from earnings of 0.95p (1.4p). Franked income £439,000 (£407,000) and unfranked £3.36m (£3.87m). Profit £1.16m (£1.64m) before tax £389,000 (£541,000). Net asset value 147p (140.4p), and 137.5p (129.4p) assuming full conversion of loan stock and after prior sharges at par.

WILLIAM SOMMERVILLE & Son (paper maker) reported turnover £3.91m (£3.95m) and pre-tax profit £369,000 (£325,000) for half year ended November 30 1986. Earnings 36.68p (29.02p) and interim dividend 1p net (same). Company "will be surprised" if second half trading was as good, as it was due to implement a further large price lincrease to offset cost rises.

CLOGAU GOLD Mines: Net deficit £163,817 (£328,260) for the six months to September 30 1986. Loss per share 1.17p (2.35p). Interest receivable and sundry income £60,271 (£107,357); direct mining expenditure £82,918 (£77,193); indirect mining expenditure £56,379 (£95,890); and non-mining expenditure £84,791 (£262,534). The mine at Clogau St David's has been put on a care and maintenance basis pending further discussion with interested parties. USM quoted.

JOSEPH WEBB (property and holidays)—For six months ended September 30 1986 turnover £3.25m (£2.89m) and pre-tax profit £178,000 (£131,000). Earnings 0.48p (0.34p) and interim dividend 0.1313p (same). Figures included one half of year's results of holiday lettings operation. Group disposed of caravan accommodation in south of France. Net rental income continued steady progress.

HEAVITREE BREWERY — Final dividend 9p (6.6p), making 11p (8.25p) for year ended October 31 1986. Pre-tax profits £907,000 (£737,000) on turnover of £5m (£4.75m). Tax £331,000 (£304,000). Earnings per ordinary and A limited voting shares 32.2p (22.8p).

NESCO INVESTMENTS—Turnover down to £1.7m (£2.51m) and profit to £17,000 (£398,000) for half year ended September 30 1986. Interim dividend 2p (1p). Results of Nigerian subsidiary converted at Naira 5.1 to £1 (1.29 to £1). Future profits there should improve following anticipated price revision; recently £73,000 received, being remittance of 1985 dividend. UK motor distribution business made modest contribution. Deferred consideration of £335,000 in respect of property sale expected shortly.

BRISTOL CHANNEL: Ship Repairers: Pre-tax loss of £143,000 (£198,000) on 28 weeks to October 10 1986 on turnover of £1.56m (£1.68m). Loss per 10p share 0.18p (0.25p). No interim payment.

ARIEL INDUSTRIES (industrial holding company): Loss per share 0.6p (1.8p) in the six months to September 30 1986. Turnover £4.7m (£4.6m) and loss before tax £34,700 (£110,000). Tax nil (nil).

BROMSGROVE INDUSTRIES—Results for half year ended September 30, 1986, show turnover £5m (restated £4.2m) and profit before tax £139,000 (£251,000). after loss £126,000 (profit £3,000) on discontinued activities. Earnings 3.19p (2.85p) and interim dividend 0.5p (0.4p).

NORDIC INVESTMENT Trust Pre-tax revenue £133,000 (£219,000) for half year ended November 30 1986 and earnings per 10p share 0.62p (0.94p). Performance of Scandinavian equity markets was mixed but asset value up to 79p (68.8p at May 31 1986). Intended to at least hold year's dividend at 0.2p.

J. & J. DYSON (refractory materials)—for half year ended September 30 1986 turnover was £22.12m (£20.75m) and profit £409,000 (£301,000). Earnings 2.8p (2.19p) and interim dividend 2p (same). Future viewed with cautious optimism. Refractories side consolidated market presence.

DIVIDENDS ANNOUNCED

A&P Appledore	†4	—	4	6	6
Appletree	2‡	—	1	3	1
Bromsgrove Inds. ...int	0.5†	Mar 19	0.4	—	1.3
J. & J. Dyson ...int.	2	April 3	2	—	4.5
Edinburgh American	0.65	April 16	0.6	0.65	0.6
Hallite ...int.	3	April 1	3	—	10
Haynes Publishing int.	5	April 30	5	—	14
Heavitree Brewery ...	9	Mar 26	6.6	11	8.25
Nesco Inv. ...int.	2	Mar 23	1	—	1
Plastic Constrn. ...	1.92	April 3	1.96	2.8	2.8
SEET ...int.	1.6	Mar 2	1.6	—	5.3
Wm. Sommerville int.	1	Feb 25	—	—	9
Watsham's ...int.	1.35	Mar 31	1.2	—	3.6
Joseph Webb ...int.	0.13	April 10	0.13	—	0.51
Wholesale Fittgs. int.	2.24	April 9	1.87	—	8.4

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1986/87 High	1986/87 Low	Stock	Closing Price	+ or −	Net. Div.	Times Cov'd	Gross Yield	P.E. Ratio
‖‖	F.P.	30/1	78	65	‡Avesco (Reg) 1p	77	−½	L0.5	6.6	0.9	19.7
¶¶	F.P	—	32	24	Benson (SGB)	32	+1	bd0.5	3.2	2.3	19.4
‖‖	F.P.	—	63	37	‡Border TV	54	−2	2.5	3.2	6.5	6.7
135	50	20/2	72¼	61	British Gas	68½	+½	w6.5	2.1	6.0	11.1
§94	F.P.	6/1	119	114	‡Gaynor Group 10p	119	+4	L2.67	2.8	3.2	16.0
§95	F.P.	19/1	120	106	‡Halls Homes & Gdns 5p	120	......	R2.77	2.7	3.3	13.2
§23	F.P.	5/1	29	24	‡Harmony Leisure 5p	29	......	10.1	12.4	0.5	23.3
§100	F.P.	14/1	121	95	‡Hornby Group 5p	95	−1	R3.195	2.8	4.7	10.8
§128	F.P.	30/1	174	146	Hoskyns Group 5p	173	+1	u1.6	4.7	1.3	23.1
§65	F.P.	21/1	83	65	Logitek 5p	83	+2	R1.8	3.8	3.1	12.1
§144	F.P.	23/1	157	144½	MIL Research 5p	157	2½	R3.0	3.4	2.7	15.2
§102	F.P.	—	113	104	‡Mayborn Group 5p	113	......	R3.2	3.0	4.0	11.7
150	75	—	78	75	Mezzanine Tst. Inc.	77	......	at10.4	—	9.6	—
50	F.P.	—	53	50	Do. Capital 50p	51	......	at10.4	—	11.6	—
‖‖	F.P.	—	53	52	Multitrust	52	−1	—	—	—	—
§100	F.P.	—	106	101	Paribas French Inv. Tst.	106	+1	—	—	—	—
170	F.P.	19/12	252	193	‡Spandex 10p	244	+1	ud3.0	2.7	1.7	30.6
§135	F.P.	9/1	143	138	Sumit £1	138	......	u3.5	1.7	3.6	—
70	F.P.	9/1	113	90	‡TSB Channel Islands	109	......	R3.92	3.7	4.5	7.6
§212	F.P	8/1	125	119	‡Tribble Harris $0.01	120	......	R03.6c	2.8	2.0	17.6
§130	F.P.	27/2	183	148	Viking Packaging 10p	183	......	u3.5	3.0	2.7	17.7
§135	F.P	23/1	161	138	Wilding Office 10p	158	......	u8.25	2.3	2.9	20.8

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1986/87 High	1986/87 Low	Stock	Closing Price £	+ or −
¶¶	F.P.	—	115¼p	101p	Brit&Commonwealth 7¾%Cv.Sub.Un.Ln.2000	114¾p	......
§110p	F.P.	—	120p	110p	Great Western Res. Ser. 'B' Prf. $0.01	110p	......
101.61	£10	19/3	12¼	11½	Mid-Kent Water 8¾% Red Prf. 1997	12¼	......
§100	£50	15/5	49½	41½	Mid-Sussex Water 11% Red Deb 2012-16	49	......
§99.237	F.P.	—	101⅛	101⅛	Meeks Inv. Tst. 11% Deb. 2012	101⅛	......
—	F.P.	—	100¼	100¼	Nationwide 11¼% Bds. 18/1/88	100¼	......
¶¶	F.P.	—	112¾p	110½	P. & O. 6¾% Cnv. Red. Prf.	112¾	−½

"RIGHTS" OFFERS

Issue Price	Amount Paid up	Latest Renunc. Date	1986/7 High	1986/7 Low	Stock	Closing Price p	+ or −
36	Nil	—	10 pm	10 pm	Petranol 10p	10 pm	......
42	Nil	—	15 pm	12 pm	Rowe Evans Inv. 10p	15 pm	+3

Renunciation date usually last day for dealing free of stamp duty. *a* Annualised dividend. *b* Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. *g* Assumed dividend and yield. *h* Assumed dividend and yield after scrip issue. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures † Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. *u* Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‖‖ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment price. ‡ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement.

WORLD STOCK MARKETS

NEW YORK

WALL STREET

Dow off 12 on profit taking

LOWER LEVELS developed in moderate trading on Wall Street yesterday. Profit-taking whittled away at the averages as a stronger dollar, encouraged by better than expected trade figures, depressed stocks of companies that have recently benefited by the falling dollar.

By 1 pm the Dow Jones Industrial Average was off 12.79 at 2,147.22, reducing its gain on the week to 45.70, while the NYSE All Common index, at $154.80, shed $1.38 on the day but held a 78 cents rise on the week. *Declines led advances by* a nine-to-five margin in a volume of 125.366m shares.

"It has been a kind of dull day with the big news in the market being the trade deficit and the higher dollar, which has sapped some of the strength from the market," Thomas Ryan, of Kidder Peabody, said.

Pharmaceutical stocks and the Lumber and Paper Producers, companies with large foreign operations, were some of the stocks most pressured by the uptick in the dollar.

American Telephone and Telegraph, the most active issue, fell $1⅛ to $24⅞—a number of brokerage houses lowered their opinion of the company, which reported a large writeoff and a fourth quarter loss.

American Express gave way $1⅞ to $68—SmithBarney lowered its earnings estimates of the company.

Philip Morris came back $2¼ to $89—it reported very strong earnings earlier this week and moved up considerably since then. **RJR Nabisco** lost $⅞ to $63½, but **US Tobacco**, which reported earnings on Thursday, improved $1⅛ to $26½.

Closing prices for North America were not available for this edition.

The AMERICAN SE Market Value index shed 0.27 to 299.53, reducing its rise on the week to 4.08. Volume 9.53m shares.

CANADA

Stocks turned lower in a broad decline in active midday trading as weakness from Thursday's mixed session, plus a Wall Street *decline took hold over the* broader market.

The Toronto Composite Index fell 14.0 to 3,336.7. Oil and Gas 11.9 to 3,402.3 and Golds 155.5 to 6,206.3.

Resource issues weighed on the market, with Golds turning sharply lower. **Campbell Red Lake** dipped $1¼ to $29⅞. **International Corona** $1 to $35¼ and **Echo Bay** $1 to $36½.

Weakness in Golds spilled over to non-precious metals.

Among situation stocks, **Westburne Industries** gained $¼ to $20½. **Dumez Investments**, 70 per cent owned by Dumez SA, of Paris, and 30 per cent owned by Unicorp Canada, said it started its $20 a share tender offer for all of Westburne.

TOKYO

After two weeks of steady gains, the market average shot through the 20,000 barrier in extremely heavy trade, brokers said.

The Nikkei Dow market average climbed 127.30 to a record closing high of 20,048.35. Advances led declines by a slight margin in turnover of 1.2bn (1.3bn) shares.

The market average peaked at a record 20,051.21 just before the close. The broad-based first section index climbed 18.92 to 1,750.65.

Falling interest rates, Wall Street's rally and expectations of further gains have driven the index upward over the past seven sessions and in 12 of the previous 13.

"It came up on us quickly and we were too busy to clap," one broker said.

"TV crews had been here since this morning, but for us it was no big deal," one broker said when the index topped 20,000. Financial shares remained in the spotlight, with Bank, Securities company and Insurance issues sharply higher. Transport, Gas, Real Estate, Rubber and Electric Power firms also advanced.

Breaching 20,000 will likely boost the total flow of cash into stocks *by boosting investments* by individuals.

"Prices are high, but unlike in August, the advance is broad-based," one fund manager said. "Financial shares are expensive, but we must invest our excess cash somewhere," he added.

GERMANY

Share prices closed off the day's highs but mostly above Thursday's close in lively but nervous trading, with all eyes on the dollar's movements.

Shares rose during the session as the dollar recovered above 1.80 marks on speculation that the US trade deficit due in the European afternoon would narrow to US$10bn after November's record US$19.22.

The Commerzbank index of 60 leading shares, calculated at midsession, rose 30.7 to 1,808.2.

Metallgesellschaft rose DM 2 to 267—it said it had reduced its 62.50 per cent stake in vehicle parts supplier *Kolbenschmidt* but remained a majority shareholder.

BMW advanced DM 16 to 503, **VW** DM 3.50 to 353 and **Daimler** DM 27.50 to 1,022.50.

Kaufhof moved up DM 8 to 527—it reported a rise of more than 8 per cent in group turnover last year.

SWITZERLAND

Swiss share prices finished higher in fairly active trading, encouraged by the stronger dollar and favourable company news.

Major Banks edged higher. **Bank Leu** group shares and certificate posted good gains on further consideration of record results and a proposed higher dividend for 1986.

In mixed Insurances small gains predominated.

Jacobs Suchard group shares were hardly changed after the news the company bought the Belgian chocolate maker Cote d'Or.

Nestle bearer dipped SFr 25 to *SFr 9,100* and registered gained SFr 50 to SFr 4,750—it said net profit in 1986 was unlikely to fall below previous year's results despite lower group sales.

AUSTRALIA

Sharply weaker on continuing bearish sentiment.

Brokers said markets were overdue for a correction and that further downward movements could be expected in the industrial sector with many stocks overbought in the recent bull run.

The All Ordinaries index was down 16.8 at 1,496.3 and the All Industrials index fell 23.0 to 2,357.3. The Gold index lost 21.6 to 1,968.6, despite a rise in bullion prices, while the All Resources index shed 12.2 to 843.5. Turnover 142m shares *worth A$363m, as heavy options*-related activity in BHP boosted volumes for the third straight day. Falls outnumbered rises by 397-to-252.

A total of 20.8m BHP shares worth *A$175.50m were exchanged*. The shares eased 2 cents to A$9.12. Brokers said some investors who had had their options exercised were now buying back stock.

Industrials were hit hardest, but brokers said most stocks were traded thinly and there was no mass selling. **Goodman Fielder** dropped 20 cents to A$4.20, **Adsteam** 40 cents to A$13.40 and **Ariadne** 12 cents to A$3.46.

PARIS

French shares were firmer toward the close with the indicator up 1.35 per cent, and gains outnumbering losses by 147-to-38.

The dollar's rise combined with the prospect of lower short-term West German interest rates boosted earlier technical correction of recent falls.

Cie Bancaire rose to Fr 1,136, **Poclain** up to Fr 42 and **Radiotechnique** up Fr 1,110.

AMSTERDAM

Dutch shares, backed by a *stronger dollar, ended a nervous* session on a firmer note, but off the day's highs.

Dealers noted some marked buying interest in contrast to the selling tendency earlier in the week, and added they suspect Dutch shares have now bottomed.

CANADA

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FINLAND

FRANCE

NETHERLANDS

GERMANY

ITALY

NORWAY

SPAIN

SWEDEN

SWITZERLAND

AUSTRALIA

AUSTRALIA (continued)

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

NEW YORK INDICES

CANADA

NEW YORK ACTIVE STOCKS

Beauty, the beast and the lurching dollar

By Jeremy Stone

"THE first few months of 1987 could be difficult for most bond and stock markets," began one of the more respected portfolio strategy documents to hit fund managers' in-trays early this month. Yet the bond markets have been baying for cuts in official interest rates and getting them, while major equity markets have shown how difficult things are by going through the roof.

The heart of the whole enigma must be somewhere on Wall Street, which has jumped 14 per cent since December 31. The US equity market is, of course, the world's biggest capitalisation market by far, always exerting a degree of gravitational pull on all the others. But this year it is way out in the lead; London has risen by about 8 per cent, Tokyo by 5 per cent.

Wall Street's turn of speed, more than its direction, is surprising. Theory says that when an equity market makes a significant leap in value, it ought to be discounting some previously unknown factor. In the US scene, there are several reasons for the markets to be strong, but none is exactly new or unexpected.

Tax reform should be good for some increases in corporate net income this year, and it will also have shifted investors out of recently-demolished tax-shelters into the equity market —but both effects were known before the market started to go bananas.

Oil prices have tightened a bit—which is good for Boone Pickens and Texas banks—but should be the reverse for the smokestack stocks that have also been on the move.

There is also some feeling that a more restrained US fiscal stance is getting to grips with some of the country's chronic problems — though this is not widely felt outside the US.

Wall Street's mainspring must, however, be the US dollar's breakneck depreciation against the surplus-supported currencies of West Germany and — to a much lesser extent — Japan. Though bad for US consumers, who are presumed by orthodox economics to want the German luxury cars and Japanese videos they got used to buying through the years of dollar strength, US domestic producers of such items were suddenly dealt the luxury of tossing a double-headed coin: either the shrinking dollar would close the US markets to imports or Congress would do it by fiat.

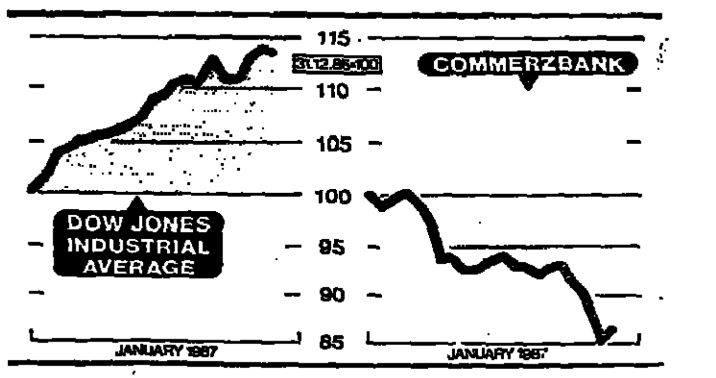
This might be good for US consumer stocks, but it is not an argument that should do much for other equity markets; if Wall Street is rising because the great US consumer market is once again being made safe for American industry, stock markets in export countries should be quaking.

Although the aggregate US trade numbers have yet to swing into anything approaching a balance, something is at last beginning to happen. It is no accident that while the Dow has gone up by 15 per cent, the dollar/D-Mark rate has dropped by 7 per cent.

Seen from Frankfurt, at least, the idea that international equity markets are discounting the effects of the latest lurch in exchange rates stands up pretty well. Like Beauty and the Beast, Wall Street and the Frankfurt bourse make an ideally ill-matched pair. While the Dow has been rising by 14 per cent, this month, the Commerzbank index has fallen by slightly more. Even to US funds, which get some return from the soaring D-Mark, the West German market is showing a loss of about 8½ per cent since December 31.

This picture of intelligible symmetry is superficially marred, as so often happens, by the behaviour of the world's second largest equity market, Tokyo. Except that the Japanese have succeeded in restraining the rise in the yen/dollar rate to about 4 per cent on the month, the atmosphere in Tokyo should seem nearly as black as it does in Frankfurt. Yet the Nikkei Dow is showing a 5 per cent rise—9 per cent to the US investor.

Tempting though it is to write this off as one of those Japanese cultural anomalies, it may be that the key factor is Japan's success in ensuring that the yen continues to depreciate against the D-Mark. The US markets may be getting harder to penetrate and temporarily unprofitable, but a falling yen/D-Mark rate is going to be very helpful to Japanese exporters in Europe and other markets where Japanese durables compete.



Where is it all going to end? In countries which are not gaining from the dollar's slide, the strength of equities must be predicated in part on falling interest rates. That reflex reaction may be a mistake. West German negative inflation means that, for D-Mark borrowers, even a zero nominal rate of interest would be positive in real terms; if interest rates are driven down, it may be a sign of deflationary forces, not of expansionary intentions.

And while the draft US-EEC trade agreement may be good for Guinness if it averts the threatened gin war, it may also remove part of the bull case — the protectionist part — for the US stock market.

Oh what a slippery war

Edward Mortimer discusses terrorism

ONCE again this week, the governments of several western countries found themselves on the rack of the hostage dilemma. All are committed to a policy of "no concessions to" or "no bargaining with" terrorists or hostage-takers and there is no doubt that this commands public suport. But it is a principle much harder to practise than to proclaim and few governments are confident about that support continuing when the going gets rough.

Officials and advisers from 22 Western governments and international organisations gathered in Sussex this week for a Wilton Park conference on terrorism.

But even among this formidable group of experts, there was no consensus on what precisely terrorism is: a method rather than a philosophy certainly, and almost everyone felt it was unacceptable, no matter how laudable the objective (though a small minority argued it would be better to define it first without reference to prescriptive values, leaving open the possibility that, in certain circumstances, it might be morally justifiable).

While ultimate goals were considered irrelevant, the immediate aim of inspiring fear or terror is crucial, otherwise every murder or act of arson could be classified as terrorism.

In most people's view, ordinary kidnapping or extortion does not qualify as terrorism which is seen as terrorising the population at large, or at least some section within it. Some would add that terrorism must also have a political or social objective, not simply the personal enrichment of the perpetrators. But this is already more controversial: one could argue for a category of purely mercenary terrorist, exemplified by the man who poisoned Tylenol capsules to extort money from the manufacturers by panicking the public.

One school of thought insists that the definition must specify the use of "criminal acts . . . contrary to international law." At first sight, it seems tautological to seek to define an international crime by saying that it is a crime against international law.

But without this the definition would include acts of normal behaviour by states involved in war: the threat or use of violence to obtain political objectives — particularly by inspiring fear among the whole population—and the indiscriminate killing of civilians, who have little influence over governments.

A definition of terrorism which makes such things criminal will be of purely academic value, since it will not be acceptable to the world's most powerful states. Therefore, the definition has to group together certain acts already recognised as crimes, rather than making anything criminal which was not so before.

But this deprives the exercise of much of its moral value. Is it not imposing a double standard to say that "terrorism" is legitimate when practised by established states with the power to wage war, but illegitimate for groups of oppressed people?

One answer to this is that international law does recognise the right of peoples to resist oppression, and that bona fide acts of insurgency or guerrilla warfare are not criminal. Indeed, a great deal of energy and ingenuity was devoted, in the late 1960s and early 1970s, to adapting the Geneva Convention to cover these acts. But an air of unreality remains: to obtain protection under international law, insurgents have to operate in regular units with distinguishing insignia, etc.

This is understandable because few states would concede belligerent rights to resistance forces operating in plain clothes and resorting to surprise attacks. Yet this is the kind of activity which virtually any resistance has to embark on when faced with a monopoly of conventional military force in the hands of the oppressive or occupying power.

Thus it proves difficult to divorce the definition of terrosim from value judgments about the political context. In a democracy, where non-violent means of opposition are available, most people would describe the assassination of political leaders, judges, policemen or members of the armed forces as terrorism. Under a repressive state or foreign military occupation they would be reluctant to do so, reserving the label "terrorist" for indiscriminate killing of civilians.

That suggests a broader definition of terrorism can be used by co-operating states that recognise each other as democratic, while a narrower one will have to do for those which have different systems.

However terrorism is defined, its effects are so far no worse, indeed quantitatively nothing like as bad, as those of weapons of mass destruction. Terrorism is a form of war waged by those without the means, and without the legal personality, required to wage war legally.

States have to defend themselves against terrorism, as they do against other forms of war. But so long as Western democracies do not feel able to deny themselves the use of weapons of mass destruction, they should not assume an automatic moral superiority over those who resort to terrorism. Western political aims may be more defensible than other ones, but the methods of waging war are not qualitatively different.

The states the West accuses of sponsoring terrorism have been quick to grasp this point, condemning at the UN what they call "state terrorism," by which they mean such actions as the American bombing of Tripoli.

It is also difficult to avoid some kind of dialogue with such states. A French participant in the conference was disarmingly frank about this: "We will not bargain with terrorists," he said, "but we will negotiate with states, even if they are sponsors." Perhaps this statement should be adopted retroactively by the Reagan Administration.

Accounts conflict over how the Reagan Administration got involved in its ill-fated bargain with Iran. It sounds as if US officials gave a higher priority than required by public opinion —let alone long-term public interest—to obtaining the release of American hostages in Lebanon.

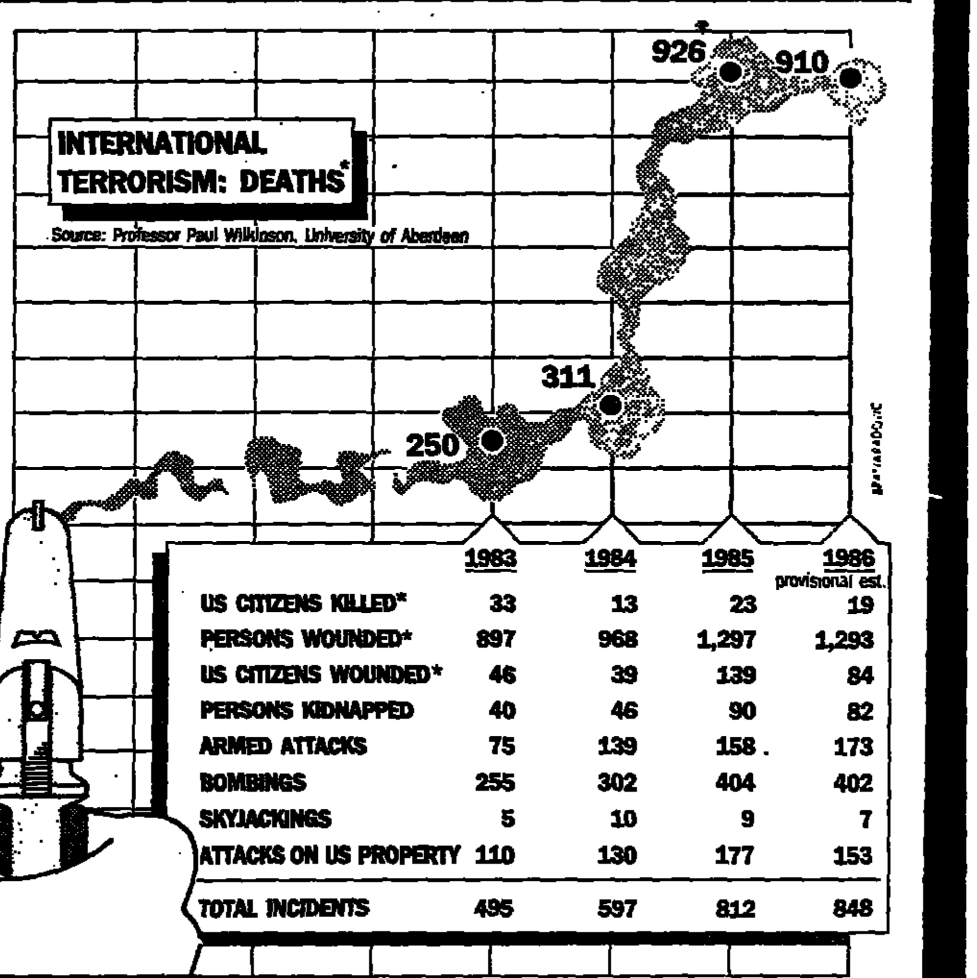
Yet US policy objectives in relation to Iran are almost bound to include dissuading that country from sponsoring groups in Lebanon that take US citizens hostage. It is surely reasonable that, in any incipient dialogue with Iran, US representatives would insist that it use its influence to obtain the freedom of hostages as a minimum sign of good faith. Similarly, Iran would insist on an end to the embargo on arms deliveries.

If lines of sponsorship and control were absolute and clear, there would be little problem: either all hostages are released unconditionally or no dialogue is possible—indeed, other sanctions may be appropriate. The trouble is that sponsorship may be the work of only one political faction or intelligence agency rather than of a government or regime as such. Support given by the state to a terrorist group—for services rendered, out of sympathy for its political aims or as an insurance policy—will not necessarily buy total leverage or power to veto, especially where there is another competing sponsor involved.

Abu Nidal, for instance, has played off Iraq against Syria, and probably now Syria against Libya, with great skill.

While in principle it would be preferable if these states abstained from such sponsorship, Western governments inevitably find themselves looking for "respectable" interlocutors capable of influencing terrorist groups. In practice, it is only through some kind of sponsorship that a degree of influence is obtained; and it is only by showing interest in the sponsor state's political agenda that persuasion is likely to succeed.

"No bargaining with terrorists or their sponsors" is a fine slogan. But in real life it is hard to know where the search for "good offices" ends and bargaining for hostages' lives begins.



	1983	1984	1985	1986 provisional est.
US CITIZENS KILLED*	33	13	23	19
PERSONS WOUNDED*	897	968	1,297	1,293
US CITIZENS WOUNDED*	46	39	139	84
PERSONS KIDNAPPED	40	46	90	82
ARMED ATTACKS	75	139	158	173
BOMBINGS	255	302	404	402
SKYJACKINGS	5	10	9	7
ATTACKS ON US PROPERTY	110	130	177	153
TOTAL INCIDENTS	495	597	812	848

*does not include 296 killed & 84 wounded in attacks on US & French barracks of multinational force, Beirut, Oct. 1983

Letters to the Editor

Performance and pay

From the Head, City and Commercial Department, Industrial Society

Sir,—Leaving aside any comment on the scale of performance-related pay, the distinction must be clear between the effects of performance-related pay for individuals and high salaries for everyone.

The latter will certainly buy people into a firm and can indeed keep people in if those salaries are higher than other comparable firms. What they will not necessarily do is encourage high performance.

If, however, one accepts that most people want a sense of achievement from work and part of recognising achievement is monetary reward, the performance-related pay is a very important ingredient in achieving high performance.

There is another side to all this, particularly in the current climate of unemployment and our desperate need to be more competitive—the need to gain the commitment of staff to reducing overall costs in order to achieve efficiency, growth and productivity. This may sometimes mean that initial success will not automatically lead to an equivalent rise in pay levels.

As your article of January 20 suggested, performance-related pay is indeed a key element in motivation and reward but high levels of this should only be for the highest performing companies.

A Marx.
3, Carlton House Terrace, SW1.

Japanese attitudes

From the General Secretary, International Metalworkers' Federation

Sir,—The article by Professors Ito and Weitzman on how unemployment is kept down in Japan (January 21) was weakened by rather obvious jibes at "Eurosclerosis" and the rigidities of the European labour market as seen by the authors. I would put a different gloss on the facts presented.

There is the absolute centrality that Japanese firms and government give to maintaining employment and demand. As one Japanese businessman said to me: "In Europe, when firms do badly, the workers get fired. In Japan, the management goes." Or, as a labour minister describing how Japan coped with the 1973 oil shock told me: "Of course, workers' purchasing power had to be maintained. The crisis was not their fault: why should they pay for it?"

Until very recently, Japanese unions negotiated an annual increase in real wages for their members. Japanese companies have not sought short-term gains at the expense of long-term growth and have realised that without a high level of domestic consumption (remember, most of what Japan produces is consumed inside the country, and Japan exports less of its GDP than Britain) the economy will falter.

The kind of organised hatred of labour so manifest in the European conservative political and media circles does not exist in Japan.

In consequence, therefore, of a philosophical commitment to full employment, a belief in high and, where possible, rising wages and government and employer support for partnership with labour, it is true that Japanese workers are accepting flexibility and wage standstills to steer Japan through its present crisis. Unfortunately, those preconditions, which originate from management and government, are absent from North America and most of Europe.

Herman Rebhan.
Route des Acacias 54bis, Case Postale 563, CH-1227 Geneva, Switzerland.

Hiring and firing

From Mr J. Woronoff

Sir,—I have recently noticed several articles on Japan's enviable achievements regarding employment. The latest (January 21) comes from Takatoshi Ito and Martin L. Weitzman at Harvard University, the citadel of "learn from Japan" land.

Unfortunately, the reasoning of these two authors, and most others who take the same view, is badly flawed.

As they admit, there are differences in international reporting of unemployment rates which make Japanese rates look lower than they should be. But this is not just marginally lower. It has been estimated that the actual level, if using American or European statistical methods, would be two or three times higher. If Japan has 6 per cent or 9 per cent unemployment, instead of a misleading 2.9 per cent, then it is not much of a model.

So-called "lifetime employment" avoids layoffs. But only in certain cases. For that system only prevails in large companies; small ones hire and fire as necessary and use lots of part-time labour. Thus, when a large company transfers excess workers to its subsidiaries, it is only solving its own problem. The subsidiaries must then pass their excess employees on to yet smaller suppliers where the actual firing or failure to renew part-time contracts takes place.

"Lifetime employment" is hardly a solution to the west's unemployment woes. It does not prevent unemployment, it merely shifts that place where it occurs. Dumping on small companies and part-time workers, is immoral. Why should the worse paid and worse treated have this additional affliction?

Jon Woronoff.
3839 Rodman Street NW, Washington DC 20016, USA.

Technology in Europe

From Mr A. Turner QC MEP.

Sir,—Your leading article (January 12) on European high technology is interesting, being out of step with other opinion, and out of the blue too. No one else has said quite what you do. You say we do not need more European cross-frontier industrial collaboration in R & D but more freedom for European companies to negotiate across the frontiers directly to integrate in order to compete on a world-wide basis. Commissioner Narjes (in his letter of January 15) takes your message this way and protests strongly. Mr Sheaf of the Institute of European Trade and Technology congratulates you on supporting the EEC R & D budget "though it is only a drop in the ocean of what needs doing." Presumably, therefore, he also strongly supports the European programme.

But, I think there is a general assumption that both cross-frontier collaborative R & D by companies and integration among European companies are vital for world competitiveness.

Mrs Thatcher said in the European Parliament on December 9: "Yes, I want to see more done on R & D . . . but do not believe you can do it if you won't adhere to financial discipline." Mr Geoffrey Pattie (Minister of Technology) in the House of Commons on December 3 said: "We attach the highest priority to programmes in the fields of information technologies, such as Esprit, telecommunications, such as Race." The CBI said on November: "Esprit has received a firm vote of confidence from the European IT sector and it provides the model for similar programmes in telecommunications. . . ." "Mr Brian Oakley, head of the Alvey directorate (a purely UK IT collaboration programme) said: "Co-operation in Europe for high-technology subjects is now essential if we are to be able to match the competition in Japan and the USA. . . . In particular . . . Esprit and Race show real promise." The Ash report on the UK Alvey programme said: "We must integrate closely with Esprit, Race, etc.

Your leading article states that we must extend beyond existing forms of collaboration. Yes, definitely, towards the European high-technology integration which you rightly call for through company mergers and joint ventures. But the existing forms of collaboration as in Esprit and Race were specifically asked for by industry which needs every means of overcoming the Balkanisation of European technology which you warn of. Such collaboration eases the way to later integration between companies. Both developments are needed, and the problem at the moment is funding.

Amédée Turner.
3 Montrose Place, SW1.

So unlike the home game

From Mr F. Richards

Sir, — Thank you for the article about American Football and Superbowl (January 24). With reference to the drawing showing player 87 kicking the ball, please note that kickers or punters of the ball must be numbered in the range 1-19, and that the ball cannot be fly-kicked in open play as it is in Rugby football.

Frank Richards.
32, The Fairway, Flackwell Heath, Bucks.

Bigger shares of the cake

From Mr B. Itzcovitz

Sir,—The article "Bigger shares of the cake" (January 24), although excellent in most respects, contains one point which I feel may mislead readers. This concerns the potential tax saving from indexation if shares in a new issue are retained for a short period rather than being sold immediately dealings begin.

The article implies that if a sale is made in the calendar month following that in which dealings begin then that sale will qualify for indexation relief even if the gap between acquisition and sale is only a few days. In fact, by virtue of Section 87 (3) of the Finance Act 1985 (as amended) no indexation relief is allowed if the sale is within the 10 days after the acquisition (i.e. the first day of dealings).

B. Itzcovitz.
5, Kings Drive, Edgware, Middlesex.

VAT on bad debts

From Mr S. Manches.

Sir, — Michael Skapinker's article (January 13) tells only one side of the story. The effect on the unfortunate debtor produces an even greater injustice. To avoid ending up bearing the VAT on a bad debt, a trader has to prove that his debtor has become insolvent (s.32 Value Added Tax Act 1983), as amended and the bad debt relief regulations made thereunder). The legal definition of "insolvent" is "unable to pay his debts as and when they become due," which in the normal way would not be difficult to prove, but the Act provides a very different definition: the debtor has to be adjudged bankrupt or entered into a deed of arrangement or composition with his creditors. As a consequence creditors are obliged, frequently against their will, to bankrupt some wretched debtor from whom they might otherwise have accepted a modest instalment payment, or even written off the debt entirely, solely to enable the 15 per cent VAT on the debt to be recovered.

Sidney Z. Manches.
10, Duke Street, W1.

The Harrison names

From Mr D. Green.

Sir, — May I query Mr Bunker's statement (January 24) that Arthur Sturge came to the rescue of the Harrison names in 1927? What he did was to persuade the remaining 500-odd names to meet the outstanding Harrison claims of the bona fide policy holders so that no Lloyd's policy would default.

I believe that while one member had to pay in only 8d another had to pay over £10,000 — I was there at the time.

D. M. Green.
D. M. Green & Co., 90, Fenchurch Street, EC3.

Howzat!

From Mr W. Fox

Sir,—Anthony Harris concluded his complacent article about misdeeds in the City with the words "But one rule, borrowed from cricket, must apply if any pretence of gentlemanliness is to be preserved when you're caught, you're out." Is gentlemanliness important? And if it is, why only a pretence?

Far better, when you're caught you're in—for at least five years!

W. B. Fox.
1, Bradley Park Road, St Marychurch, Torquay, Devon.

BT 'will need to drop 70,000 jobs by 1992'

BY DAVID THOMAS

BRITISH TELECOM will need to shed 70,000 jobs by 1992, according to a report on the company by Wood Mackenzie, the brokers.

This is one of the few attempts to put a figure on the size of job losses required by BT. Fears about job cuts among BT engineers are at the heart of the current dispute.

BT has gone no further in public than saying it would need to lose between 5,000 and 6,000 jobs a year over the next few years.

The Wood Mackenzie report, written by Mr Philip Augar, an analyst, says that job losses will occur in three main areas: among engineers, due to the introduction of modern digital equipment; among clerical workers, because of the computerisation of customer service; and among corporate and procurement functions, due to a cut in overheads.

Jobs for engineers and clerks could fall by a third and among other workers by a tenth by 1992, cutting BT's workforce by 70,000 to 165,000, according to the report.

Wood Mackenzie suggests that much of this decline could be met by natural wastage, which removes about 15,000 workers a year from the payroll.

However, a considerable redeployment and retraining programme, with union co-operation, would also be necessary, the report says.

It argues: "BT ought to be able to negotiate a phased, structured and fairly modest redundancy programme."

The report also looks at what could happen to BT's share price after the general election. It says there would be a wide range, depending on the outcome: 275p with a Conservative victory, 265p with a Tory/Alliance coalition 170p with a Labour/Alliance coalition, and 150p with a Labour victory.

Oftel says intervention unlikely

BY OUR LABOUR STAFF

THE BASIC British Telecom network could probably withstand the telecom dispute for a number of months, according to the Office of Telecommunications, the industry's regulatory body.

Professor Bryan Carsberg, Oftel's director general, who is receiving daily reports from BT, said he had no evidence that the company was failing to cope with the results of the dispute.

Oftel is unlikely to intervene in the dispute as long as BT continues to cope with the problems which have arisen, Prof Carsberg said.

He added there was no reason to believe the dispute was having a disproportionate effect on particular categories of customers or areas.

There was no sign that the dispute was particularly damaging to international telecommunications traffic, the transmission of data over the phone network or the operations of Mercury, BT's main rival.

He said he would continue to monitor the situation and would consider stepping in if BT failed to cope with problems.

But such a move was a long way off, as BT was coping well and concentrating resources on priority areas.

Pay offer sets level for council negotiations

By Our Labour Correspondent

LOCAL AUTHORITY employers yesterday offered a pay rise of marginally less than 5 per cent to about 9,000 council engineering craftworkers.

The offer sets an important marker for local government wage negotiations this year. The employers are likely to pitch all their pay proposals at broadly the same level, although the unions will be expecting further movement.

The engineering craftworkers had claimed a £10 a week increase. Yesterday's offer would add £5.50 to the present weekly basic rate of £107.95 with effect from February 1.

The employers will justify the percentage figure by comparing it with the 4.9 per cent national settlement in the engineering industry and the agreement of between 4.1 per cent and 4.4 per cent in motor vehicle retail and repair.

Union negotiators will, however, be making comparison with the 6.7 per cent (£6 a week) rise awarded to council manual workers last September. The employers regard that settlement as being at the end of the last pay round, rather than at the start of the present one.

Coal chief urges end to disputes

BY DAVID BRINDLE, LABOUR CORRESPONDENT

COLLIERY MANAGERS were urged yesterday b Sir Robert Haslam, British Coal chairman, to act to stop "the rash of small local disputes" which caused the loss of 715,000 tonnes production in the first three quarters of the 1986-87 financial year.

Sir Robert said only 15 of British Coal's 125 pits had escaped strikes during the past 12 months.

His comments came during his first visit to the Yorkshire coalfield since becoming chairman last year. He said 61 per cent (438,000 tonnes) of the 715,000-tonne production loss had been through stoppages at Yorkshire pits.

He said: "Although they are short strikes, involving relatively few men, we lose coal, miners lose wages and customer can lose confidence. So ways need to be found to change attitudes which are causing these stoppages."

The coal industry has traditionally suffered from a high number of walkouts over local issues. The traumatic experience of the 1984-85 national miners' strike seems to have done little to change this — even in coalfields where support for the National Union of Mineworkers was eroded.

The Employment Department's latest breakdown by industry of strike figures shows that in the period from January to October last year, 233 (28 per cent) of the 832 officially-recorded stoppages in progress were in the coal extraction sector.

Sir Robert said it was disappointing that this pattern should persist after the year-long national strike. He acknowledged, however, that it was attributable to the "behaviour situation which is part of the culture of the industry."

Further, in spite of criticising the Yorkshire coalfield's strike record, the chairman paid tribute to the productivity record of north Yorkshire pits —an average 3.8 tonnes per manshift, the best in the UK— and below cast (£1.50 a gigajoule) of coal produced by south Yorkshire pits, again the best nationally.

Sir Robert said British Coal's loss of income through price cuts promped by last year's oil price collapse would exceed the earlier forecast of £400m. However, the company hoped still to contain overall losses for 1986-87 within the £300m projection.

Nupe divisional office occupied

MEMBERS of the National Union of Public Employees have occupied the union's divisional office in St Pauls Cray, near Orpington, Kent, in protest at a decision to transfer Mr Nick Bradley, a full-time official.

The protesters claim Mr Bradley is being moved to the Hertfordshire area because he has "worked harder than others" in the interests of Nupe members.

Water board refuses talks

BY OUR LABOUR STAFF

THE governing body of Thames Water has refused to meet union leaders to discuss the authority's plan to pull out of national pay bargaining.

Union officials warned yesterday that, in view of the refusal, both Thames and the public should not be surprised if the authority's 9,000 employees made clear "their reaction through frustration and anger."

Thames has declared its intention to pull out of national bargaining to tie its reward systems more closely to its particular circumstances. The board has delegated to officials the responsibility for implementing the change.

Mr Godfrey Eastwood, the senior National Union of Public Employees officer at Thames, said: "Thames Water Authority will soon be experiencing at first hand expressions of the contempt in which they are held by their workforce."

STUC fails to win job pledge from Rifkind

By Our Labour Correspondent

LEADERS of the Scottish TUC said yesterday they had failed to win from Mr Malcolm Rifkind, the Scottish Secretary, any assurances of government action to stem the rising tide of unemployment in Scotland.

A delegation led by Mr Campbell Christie, the STUC's general secretary, presented Mr Rifkind with a detailed paper on the Scottish economy.

It said Scotland was suffering a "wave of redundancy and closure announcements which probably has no precedent in our history"—a reference to actual or planned redundancies at companies such as Scott Lithgow, Babcock Power, Burroughs, Kestrel Marine, and Golden Wonder, as well as the announced closure by Caterpillar of its plant near Glasgow.

Mr Rifkind described the 90-minute meeting as "valuable and stimulating" and said there were "considerable areas of agreement" between the two sides particularly on the need for higher EEC subsidies for shipbuilding.

He said that although 1986 had been a difficult year for Scottish industry, he was confident about the general trend of the economy and the prospects for growth.

Fireman's strike likely to close airport at weekend

BY JIMMY BURNS, LABOUR STAFF

MANCHESTER AIRPORT, which has been hit by a firemen's strike since Wednesday, is expected to remain closed to all fare paying passenger flights at least until Monday, the airport's authorities said yesterday.

Hopes of an early end to a dispute over technology payments faded yesterday following the rejection by union leaders of an management offer of a binding arbitration by Acas, the Advisory, Conciliation and Arbitration Service.

The strike costing an estimated £85,000 a day in lost revenue, is threatening the prestige of the airport which has been enjoying rapid growth and development since becoming a public limited company last April.

Officials of the Transport and General Workers Union, representing the 52 firemen who walked out on Wednesday, blamed the breakdown of talks on the continuing absence on holiday of Mr Gil Thompson, the airport chief. They also warned the strike could spread to other airports in the north of England and the Midlands.

The airport said Mr Thompson had no plans to cut short his holiday before his expected return next Friday. It denied union allegations that the dispute was being badly handled by the airport's majority shareholder, the Labour-controlled local authority.

son has full faith in his management and the Labour councillors are aware of all the facts."

Aircraft carrying fare-paying passengers cannot by law take off or land at an airport in the UK without full fire cover. Yesterday about 194 scheduled and charter flights were diverted forcing about 12,000 passengers to be taken by bus to other airports.

Prior to the dispute, Manchester's airport had been aiming for a monthly target of 1m passengers by this summer.

Leeds Permanent buys estate agency

THE LEEDS Permanent Building Society has bought its first estate agency, Cottons, with eight branches in Birmingham and the west Midlands.

The society plans to establish a network of 250 estate agency outlets throughout the UK, to be run through its subsidiary Property Leeds.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 6 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's chang.
ASDA-MFI	5,400	347	+3	Ladbroke	516	400	+2
Allied Lyons	5,700	333	+4	Land Securities	617	341	−1
Amstrad	9,000	156	+4	Legal & Gen.	1,700	275	+5
Assoc. Brit. Foods	1,040	327	−1	Lloyds Bank	2,100	472	−3
BAT	6,000	500	+5	Lonrho	1,700	251	−3
BET	1,400	487	−1	Marks & Spncr	2,000	189	−1½
BOC	2,000	418	+2	Midland Bank	716	597	−2
BPB Inds	1,200	583	+12	NatWest Bank	2,000	572	−2
BTR	3,000	281	—	Pearson	277	577	+1
Barclays	1,600	537	+2	P & O	824	565	+1
Bass	250	795	+4	Pilkington Bros	971	685	+6
Beecham	3,450	486	+11	Plessey	2,300	209	−1
Blue Circle	85	686	+1	Prudential	1,300	855	+10
Boots	7,100	267	—	Racal	3,000	210	−1
Brit. Aero	1,800	575	−3	Rank Org	1,600	607	−4
Brit. Gas	29,800	68	—	RHM	3,000	308	+6
Britoil	1,200	189	+2	Reckitt & Col	249	940	−4
BP	2,500	773	+1	Redland	747	458	+1½
Brit. Telecom	7,000	225	+1	Reed Intl.	449	371	−1
Burton	3,300	267	+1	Reuters	335	593	+4
Cable & Wire	2,350	359	+5	RTZ	464	751	—
Cadbury Schwps	3,000	225	+2	Rowntree Mac	727	459	−2
Coats Viyella	1,900	548	—	Royal Insurance	1,100	898	—
Comm. Union	2,300	299	+3½	STC	513	196	−1
Cons. Gold	479	740	−6	Saatchi & Saatchi	1,600	802	+7
Cookson	322	539	−9	Sainsbury	374	439	+2
Courtaulds	1,200	380	+2	Scott & Newcastle	413	209	+1
Dee Corp	2,700	226	+1	Sears	5,100	123	−¼
Dixons Grp	3,900	307	—	Sedgwick	1,800	315	−2
Fisons	408	601	+2	Shell Trans	2,600	£10⅞	—
Gen. Accident	576	878	+4	Smith & Nephew	3,900	137	−1½
Gen. Elect	6,900	203	+½	Standard Chart	172	778	+1
Glaxo	4,300	£12⅞	+1/16	Storehouse	1,600	282	+2
Granada	5,900	335	−12	Sun Alliance	730	710	+2
Grand Met	6,875	475	+10	TSB	7,075	78½	−1½
Gus "A"	193	£11 1/16	—	Tarmac	548	470	+3
Guardian R.E.	823	837	+3	Tesco	1,100	424	—
GKN	5,000	315	+17	Thorn EMI	856	555	−3
Guinness	9,500	293	+7	Trafalgar House	1,700	298	+3
Hanson Trust	13,000	240	+2½	T'house Forte	1,700	207	+2
Hawker Sidd	705	527	−2	Unilever	133	£23 3/16	+3/16
Hillsdown Hlgs	3,700	223	−2	United Biscuits	226	256	+1
ICI	4,000	£12 3/16	+⅛	Wellcome	4,600	265	−2
Imp. Cont. Gas	796	588	+8	Whitbread 'A'	1,600	283	+1
Jaguar	1,400	596	+3	Woolworth	173	720	+2

LEADERS AND LAGGARDS

Percentage changes since December 31 1986 based on Thursday January 29 1987

Chemicals	+20.62	Building Materials	+ 8.16
Publishing & Printing	+20.40	500 Share Index	+ 8.12
Textiles	+17.28	Insurance (Composite)	+ 8.11
Health and H'sehold Products	+13.27	Food Manufacturing	+ 7.85
Packaging and Paper	+12.48	Electricals	+ 7.78
Metals and Metal Forming	+12.30	All-Share Index	+ 7.61
Leisure	+12.05	Other Groups	+ 7.06
Electronics	+11.61	Overseas Trading	+ 6.73
Contracting, Construction	+11.44	Oil and Gas	+ 6.43
Motors	+11.21	Insurance Brokers	+ 6.15
Mechanical Engineering	+10.92	Investment Trusts	+ 5.66
Merchant Banks	+10.73	Financial Group	+ 5.65
Capital Goods	+10.18	Insurance (Life)	+ 5.41
Agencies	+ 9.23	Telephone Networks	+ 4.50
Shipping and Transport	+ 9.07	Stores	+ 4.31
Industrial Group	+ 8.42	Banks	+ 3.71
Mining Finance	+ 8.32	Food Retailing	+ 3.46
Consumer Group	+ 8.31	Brewers and Distillers	+ 3.01
Other Industrial Materials	+ 8.26	Property	+ 2.63
Gold Mines Index	+ 8.18	Conglomerates	− 1.00

RISES AND FALLS ON THE WEEK

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	40	41	31	167	295	98
Corporations, Dom. and Foreign Bonds	12	10	49	29	36	290
Industrials	496	411	624	2,623	2,180	2,865
Financial and Props.	157	154	275	906	726	1,298
Oils	33	33	47	148	163	254
Plantations	3	1	10	8	15	47
Mines	40	70	73	251	299	365
Others	81	51	47	352	291	250
Totals	862	771	1,156	4,484	4,005	5,467

CURRENCIES & MONEY

FOREIGN EXCHANGES

Trade figures boost dollar

THE DOLLAR rose sharply in currency markets yesterday following the release of better than expected US trade figures. The deficit for December fell to $10.7bn from a record unadjusted $19.2bn in November. The latter figure was revised at the same time down to a deficit of $15.4bn. For the year 1986, the deficit reached a record annual total of $169.8bn from $148.5bn in 1985. Early short covering had boosted the dollar from opening levels as speculators moved to cover short positions on strong rumours that the figure would be better than expected.

However the dollar finished below its best level, following comments by Mr James Baker, US Treasury Secretary, that although the deficit may be levelling off, yesterday's figures did not necessarily herald a downward trend. In addition the sharp narrowing in the deficit was mainly a reflection of lower imports rather than a rise in exports.

The dollar touched a best level of DM 1.8430 against the D-Mark before closing at DM 1.8320, still well up from Thursday's close of DM 1.7879. It was also firmer against the yen at Y153.55 from Y151.95. Elsewhere it closed at SFr 1.5440 from SFr 1.5020 and FFr 6.1075 compared with FFr 5.9625. On Bank of England figures, the dollar's exchange rate index rose from 103.1 to 104.3.

Sterling finished weaker overall, losing ground to the dollar but not to the same extent as other currencies so that against the D-mark it rose to DM 2.7725 from DM 2.7475 and SFr 2.3375 from SFr 2.31. Against the French franc it rose to FFr 9.2450 from FFr 9.1675 but slipped against the yen to Y232.5 from Y233.5. On Bank of England figures, its exchange rate index fell to 68.5 from an opening level of 68.6 and Thursday's close of 68.8. The pound closed at $1.5135 down from $1.5375 on Thursday.

D-MARK—Trading range against the dollar in 1986-87 is 2.4710 to 1.7870. December average 1.9890. Exchange rate index 148.5 against 137.8 six months ago.

There was no intervention at yesterday's fixing in Frankfurt when the dollar was quoted at DM 1.8085 up from DM 1.7823. The Bundesbank also refrained from intervening in open markets. Shortcovering developed ahead of the US trade figures' release so that news of a smaller than expected deficit underpinned the firmer trend. After the announcement the dollar briefly touched DM 1.84 before closing at DM 1.8350.

JAPANESE YEN—Trading range against the dollar in 1986-87 is 202.70 to 151.30. December average 162.19. Exchange rate index 209.4 compared with 217.2 six months ago.

Trading was quiet in Tokyo yesterday as traders awaited the release of US trade figures. The dollar closed at Y152.30 compared with Y152.60 in New York and Y152.0 in Tokyo on Thursday. The dollar's performance against the yen was a little better than against other currencies with dealers wary of possible co-ordinated central bank intervention. Elsewhere traders were still looking for a cut in the Japanese discount rate.

£ IN NEW YORK

Jan 30	Latest	Previous Close
£ Spot	1.5130-1.5140	1.5350-1.5360
1 month	0.60-0.57 pm	0.58-0.56 pm
3 months	1.78-1.74 pm	1.85-1.83 pm
12 months	6.20-6.10 pm	6.30-6.20 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

		Jan. 30	Previous
8.30	am	68.6	68.6
9.00	am	68.6	68.5
10.00	am	68.8	68.7
11.00	am	68.5	68.7
Noon		68.8	68.7
1.00	pm	68.8	68.7
2.00	pm	68.7	68.7
3.00	pm	68.4	68.7
4.00	pm	68.5	68.8

CURRENCY RATES

Jan. 30	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.828761	0.744419
U.S. Dollar	5.5	1.26759	1.13747
Canadian $	8.20	—	1.52535
Austrian Sch.	4	16.1352	14.4914
Belgian Franc	8½	47.5219	42.6922
Danish Krone	7	8.67348	7.80761
Deutsche Mark	3.0	2.29244	2.06224
Neth. Guilder	4½	2.58969	2.32238
French Franc	9½	7.64800	6.86806
Italian Lira	12	N/A	1468.19
Japanese Yen	3.0	193.307	173.806
Norway Krone	8	8.85158	7.95378
Spanish Peseta	—	163.235	147.871
Swedish Krona	7½	8.16835	7.36798
Swiss Franc	3.5	1.92927	1.73521
Greek Drach.	20½	168.273	150.601
Irish Punt	—	0.865545	0.776697

*CS/SDR rate for Jan. 29; 1.71390

POUND SPOT—FORWARD AGAINST THE POUND

Jan. 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5030-1.5385	1.5130-1.5140	0.58-0.55c pm	4.48	1.84-1.79 pm	4.80
Canada	2.0240-2.0605	2.0290-2.0300	0.57-0.48 c pm	3.10	1.85-1.69 pm	3.49
*Neth'lands	3.08¾-3.15¼	3.12½-3.13½	1⅛-1⅛ c pm	4.79	4½-4⅛ pm	5.51
Belgium	56.62-57.32	57.15-57.25	13-8 c pm	2.20	46-37 pm	2.90
Denmark	10.38½-10.53¾	10.49½-10.50½	¼pm-¼ ore dis	0.14	2-1¼ pm	0.60
Ireland	1.0320-1.0510	1.0410-1.0420	0.20-0.35 p dis	-3.17	0.60-0.90 dis	-2.88
W. Germany	2.74¼-2.79	2.76¾-2.77¾	1½-1¼ pf pm	5.95	4¼-4½ pm	6.67
Portugal	213.00-216.06	215.00-216.00	110-265c dis	-10.44	255-625 dis	-7.24
Spain	195.37-197.25	196.40-197.00	20-50 c dis	-2.14	80-125 dis	-2.08
Italy	1949¾-1979¼	1970-1971	2pm-1 lire dis	0.30	4-1 pm	1.52
Norway	10.61¼-10.70	10.68-10.69	2⅞-3⅜ ore dis	-3.37	9⅞-10½ dis	-3.79
France	9.13½-9.29¼	9.24-9.25	1⅝-1¼ c pm	1.87	4⅞-3⅝ pm	1.81
Sweden	9.85¼-9.92½	9.88½-9.89½	¼ pm-¼ ore dis	—	1¼-1⅛ pm	0.58
Japan	231¼-234	232-233	1⅛-1⅛ y pm	6.13	4⅛-3⅞ pm	6.88
Austria	19.30-19.53	19.47-19.53	9⅞-8⅞ gro pm	5.50	28¼-25¼ pm	5.49
Switzerland	2.30¼-2.34¼	2.33¾-2.34¾	1⅞-1¼ c pm	6.74	4¼-4 pm	7.06

Belgian rate is for convertible francs. Financial franc 58.15-58.25. Six-month forward dollar 3.41-3.36 c pm. 12-month 6.30-6.20c pm.
Correction: For Jan 27; Netherlands day's spread, 3.11⅞-3.14⅛.
Correction: For Jan 28; Netherlands day's spread, 3.08-3.10¼.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Jan. 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5030-1.5385	1.5130-1.5140	0.58-0.55c pm	4.48	1.84-1.79c pm	4.80
Ireland†	1.4400-1.4879	1.4520-1.4530	1.05-0.90c pm	7.97	3.10-2.85 pm	8.11
Canada	1.3365-1.3423	1.3390-1.3400	0.14-0.17c dis	-1.39	0.42-0.47 dis	1.33
Netherlands	2.0085-2.0790	2.0670-2.0680	0.11-0.08 pm	0.56	0.44-0.39 pm	0.81
Belgium	36.91-37.95	37.75-37.85	6-8c dis	-2.24	15-19 dis	-1.82
Denmark	6.74¾-6.96¼	6.93½-6.94	1.80-2.70ore dis	-3.94	6.05-6.95 dis	-3.80
W. Germany	1.7800-1.8430	1.8315-1.8325	0.29-0.26pf pm	1.83	0.91-0.86 pm	1.96
Portugal	140-142	141-142	125-225c dis	-15.87	350-500 dis	-12.84
Spain	127.15-130.50	129.20-129.30	60-75 c dis	-6.31	190-220 dis	-6.39
Italy	1268½-1310	1301¾-1302¼	4-5 lire dis	-4.20	13-14½ dis	-4.28
Norway	6.90¼-7.03½	7.05¼-7.06¼	4.20-4.90 dis	-7.83	14.40-15.10dis	-8.46
France	5.94¼-6.13½	6.10¼-6.11	1.25-1.55c dis	-2.79	4.25-4.65 dis	-2.95
Sweden	6.42¼-6.56½	6.53¼-6.53¾	2.15-2.65 ore dis	-4.44	6.55-7.15 dis	-4.23
Japan	151.65-154.00	153.50-153.60	0.23-0.20y pm	1.69	0.80-0.75 pm	2.03
Austria	12.53½-12.93½	12.89½-12.90	1.60-1.10gro pm	1.27	3.25-1.75 pm	0.79
Switzerland	1.4960-1.5540	1.5435-1.5445	0.32-0.28c pm	2.37	0.97-0.92 pm	2.48

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 38.40-38.50.

CURRENCY MOVEMENTS

January 30	Bank of England Index	Morgan Guaranty Changes %
Sterling	68.5	N/A
U.S. Dollar	104.3	"
Canadian Dollar	78.0	"
Austrian Schilling	138.8	"
Belgian Franc	100.9	"
Danish Krone	93.8	"
Deutsche Mark	148.5	"
Swiss Franc	171.4	"
Guilder	135.8	"
French Franc	72.3	"
Lira	48.5	"
Yen	209.4	"

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

EURO-CURRENCY INTEREST RATES

Jan. 30	Short term	7 Days' notice	One Month	Three Months	Six Months	One Year
Sterling	10⅞-11	10⅞-11⅛	11⅛-11¼	11-11⅛	10⅞-11	10¾-10⅞
U.S. Dollar	6-6⅛	6-6⅛	6⅛-6¼	6⅛-6¼	6⅛-6¼	6⅛-6¼
Can. Dollar	7½-7¾	7½-7¾	7⅝-7⅞	7⅝-7⅞	7⅝-7⅞	7½-7¾
D. Guilder	5¼-5½	5⅜-5½	5⅜-5⅝	5⅜-5⅝	5⅜-5⅝	5⅜-5⅝
Sw. Franc	2-4	2½-2¾	3½-3⅝	3⅝-3¾	3⅝-3¾	3¾-3⅞
Deutschmark	4-4⅛	4-4⅛	4-4⅛	4⅛-4¼	4⅛-4¼	4⅜-4⅝
Fr. Franc	8¼-8½	8⅝-8⅞	8⅞-8⅞	8⅞-9	8⅞-8⅞	8⅞-8⅞
Italian Lire	9-12	9¾-10¼	10⅛-10⅞	10⅛-10⅝	10⅛-10⅝	10⅛-10¼
B. Fr. (Fin.)	7¾-8	7⅞-8⅛	7⅞-8⅛	7⅞-7⅞	7⅞-7⅞	7⅞-7⅞
B. Fr. (Con.)	8-8½	8-9	8-8½	7¾-8¼	7¾-8¼	7½-8
Yen	7-8	5⅜-5⅜	4⅜-4½	4¼-4⅜	4⅛-4¼	4⅛-4⅜
D. Krone	10½-11	10-10½	10½-11	10-10½	10¼-10¾	10¼-10¾
Asian $ (Sing.)	5½-5¾	N/A	3⅛-3⅜	3⅜-3⅜	3⅜-3⅜	3⅜-3⅜

Long-term Eurodollars: Two years 6⅜-6½ per cent; three years 6⅝-6⅞ per cent; four years 7⅛-7⅜ per cent; five years 7¼-7½ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

OTHER CURRENCIES

Jan. 30	£	$
Argentina	1.9830-1.9920	1.3150-1.3190
Australia	2.2765-2.2795	1.5110-1.5125
Brazil	24.8140-24.9710	16.4550-16.5370
Finland	6.8855-6.9250	4.5750-4.5770
Greece	200.95-202.70	134.00-135.00
Hong Kong	11.7130-11.7390	7.7600-7.7650
Iran	111.45*	71.60*
Korea (Sth)	1309.55-1321.40	853.20-860.20
Kuwait	0.41810-0.41890	0.27700-0.27730
Luxembourg	57.15-57.25	37.75-37.85
Malaysia	3.8115-3.8315	2.5375-2.5475
N. Zealand	2.7795-2.7870	1.8450-1.8485
Saudi Ar.	5.6600-5.6650	3.7495-3.7505
Singapore	3.2235-3.2425	2.1400-2.1500
S. Af. (Cm)	3.1665-3.1425	2.0770-2.0810
S. Af. (Fn)	6.4260-6.7110	4.2555-4.4445
Taiwan	54.00-54.25	35.00-35.10
U.A.E.	5.5438-5.5490	3.6725-3.6735

* Selling rate.

EXCHANGE CROSS RATES

Jan. 30	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.514	2.773	232.5	9.245	2.338	3.130	1971.	2.030	57.20
$	0.661	1.	1.832	153.6	6.108	1.544	2.068	1302.	1.341	37.80
DM	0.361	0.546	1.	83.86	3.335	0.843	1.129	710.7	0.732	20.63
YEN	4.301	6.510	11.92	1000.	39.76	10.05	13.46	8475.	8.729	246.0
F Fr.	1.082	1.637	2.999	251.5	10.	2.528	3.386	2131.	2.195	61.87
S Fr.	0.428	0.647	1.186	99.47	3.955	1.	1.339	843.0	0.868	24.47
H Fl.	0.319	0.484	0.886	74.28	2.954	0.747	1.	629.6	0.648	18.27
Lira	0.507	0.768	1.407	118.0	4.692	1.186	1.588	1000.	1.030	29.03
C $	0.493	0.746	1.366	114.6	4.555	1.152	1.542	970.9	1.	28.18
B Fr.	1.748	2.646	4.847	406.5	16.16	4.087	5.472	3445.	3.548	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

MONEY MARKETS

UK rates slightly firmer

INTEREST RATES were slightly firmer where changed in London yesterday as the pound eased on renewed dollar demand following better than expected US trade figures. Trading was extremely dull and featureless. The only clear consensus coming from dealers was the absence of any chance of a cut in interest rates in the near future. While the current rate structure reflected the market's relaxed attitude, traders seemed convinced that sterling's position was not sufficiently strong to allow an early reduction in rates.

UK clearing bank base lending rate 11 per cent since October 15

Three-month interbank money was quoted at 11⅛-11 per cent, unchanged from Thursday. Weekend money opened at 11¼-11⅛ per cent and eased to 10¾ per cent before coming back to touch 11½ per cent.

The Bank of England forecast a shortage of around £800m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £874m and a rise in the note circulation a further £280m. In addition banks brought forward balances £45m below target. These were partly offset by Exchequer transactions which added £396m. The Bank of England gave assistance in the morning of £515m through outright purchases of bills comprising £107m of local authority bills in band 1 at 10⅞ per cent, £96m of eligible bank bills in band 2 at 10$\frac{13}{16}$ per cent, £190m in band 3 at 10¾ per cent and £122m in band 4 at 10$\frac{11}{16}$.

The Bank revised its forecast to a shortage of around £850m before taking account the earlier help and gave additional assistance in the afternoon of £273m through outright purchases of £1m of eligible bank bills in band 1 at 10⅞ per cent, £194m in band 2 at 10$\frac{13}{16}$ per cent, £50m in band 3 at 10¾ per cent and £28m in band 4 at 10$\frac{11}{16}$ per cent. Total help came to £788m.

The average rate of discount rose by 0.0185 per cent at the weekly Treasury bill tender to 10.5618 per cent. The £100m of bills on offer attracted bids of £485m compared with £354m for a similar amount the week before and all bills offered were allotted. Because of the Easter holidays, bills were offered in a split tender.

The minimum accepted bid on 92-day bills was £97.34, allocated at this level and above in full while the minimum accepted bid on 91-day bills of £97.365 was met as to about 88 per cent and above in full. Next week a further £100m of bills will be on offer, replacing a similar amount of maturities.

FT LONDON INTERBANK FIXING

(11.00 a.m. Jan. 30) 3 months U.S. dollars		6 months U.S. dollars	
bid 6⅛	Offer 6¼	bid 6⅛	Offer 6¼

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

Jan. 30	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.00-3.50	3.80-3.95	3.90-4.10	3.90-4.10	4.00-4.20	5.0
Paris	8⅜-8⅞	8⅜-8⅞	8⅞-8⅞	8½-8⅝	8⅞-8⅞	8
Zurich	⅞-1⅞	3¼-3⅜	—	3⅞-3⅞	—	—
Amsterdam	5½-5⅝	5½-5⅝	—	5⅜-5⅜	—	—
Tokyo	4.40625	4.28125	—	4.34375	—	—
Milan	11¾-12¼	11⅝-12⅛	—	11⅝-11⅞	—	—
Brussels	6.10	7⅞-8⅛	—	7⅞-7⅞	—	—
Dublin	14-14¼	14⅛-14⅜	14⅛-14⅜	14⅛-14⅜	13⅞-13⅞	—

LONDON MONEY RATES

Jan. 30	Overnight	7 days notice	Month	Three Months	Six Months	One Year
Interbank	11½-10¾	11⅛-10⅞	11⅛-11	11⅛-11	10⅞-10⅞	10⅞-10¾
Sterling CDs	—	—	11⅛-11	11-10⅞	10⅞-10⅞	10⅞-10⅝
Local Authority Deposits	11¼-11	11⅛-11	11⅛-11⅛	11⅛-11	10⅞-10¾	10⅞-10¾
Local Authority Bonds	—	—	11⅛	11⅛	11⅛	11⅛
Discount Market Deposits	11-10½	10⅞	10⅞	10⅞	—	—
Company Deposits	11¼	11¼	11⅛-11⅛	11⅛	10⅞	10⅞
Finance House Deposits	—	—	11⅛	11⅛	10⅞	10⅞
Treasury Bills (Buy)	—	—	10⅞	10⅞	—	—
Bank Bills (Buy)	—	—	10⅞	10⅞	10⅞	—
Fine Trade Bills (Buy)	—	—	11⅛	11⅛	10⅞	—
Dollar CDs	—	—	6.15-6.10	6.10-6.05	6.10-6.05	6.10-6.05
SDR Linked Deposits	—	—	6⅛-6	6⅛-6	6⅛-6	6⅛-6
ECU Linked Deposits	—	—	7⅝-7½	7⅞-7⅞	7½-7⅝	7½-7⅝

Treasury Bills (sell); one-month 10$\frac{11}{16}$ per cent; three-months 10½ per cent; Bank Bills (sell); one-month 10$\frac{13}{16}$ per cent; three months 10⅝ per cent; Treasury Bills; Average tender rate of discount 10.5618 p.c. ECGD Fixed Finance Scheme IV reference date January 1 to 30 (inclusive): 11.096 per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11½ per cent from February 1, 1987: Bank Deposit Rates for sums at seven days' notice 4.35-4.375 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 10½ per cent; one-three months 10½ per cent; three-six months 10⅝ per cent; six-nine months 10⅝ per cent; nine-12 months 10⅝ per cent; Under £100,000 10 per cent from January 23. Deposits held under Series 5 10¾ per cent. Deposits withdrawn for cash 5½ per cent.

LONDON STOCK EXCHANGE

Gilts quiet but international stocks rise

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Jan 12	Jan 22	Jan 23	Feb 2
Jan 26	Feb 5	Feb 6	Feb 16
Feb 9	Feb 19	Feb 20	Mar 2

* New time dealings may take place from 9.00 am two business days earlier.

The UK securities markets showed a somewhat mixed response to the latest US trade figures. Equities rebounded smartly, helped by the surge in the dollar which encouraged US buyers of the international blue chips. But a brief improvement in Government bonds soon melted away and prices ended little changed in the face of a fall in the sterling exchange rate index.

Publication of a UK opinion poll showing Labour now rating equally with the Government, proved a damp squib. "Any selling had been completed on the previous evening," commented a bond dealer. The equity market, already rallying comfortably, received a further boost when dollar-buyers appeared in London. At best, the stock market was challenging its recent peaks, but buying was selective, and the best prices were not held.

At the close, when the market was quiet, the FT-SE 100 index was 10.2 points up at 1,808.3, after touching 1,814 earlier. The FT Ordinary index, more closely linked to the international leaders, gained 14.0 to 1,441.0, within a shade of its recent peak.

Some share gains appeared to reflect the sudden reversal in a market still lacking supplies of stock. Glaxo returned to full vigour, bounding ahead as the optimists picked up stock ahead of the group's important presentation in New York early in February.

But Beecham was also capturing the attentions of international funds seeking to expand holdings in pharmaceutical issues. Also up afresh were Imperial Chemical Industries, BAT Industries and Saatchi & Saatchi.

Oil stocks, however, remained on the sidelines, with the London market generally unsure what view to take of developments in the Iran-Iraq conflict.

Government bonds had an uncertain session, opening firmly on the Bundesbank move to prevent a rise in money market rates, and then moving up smartly after the announcements of the US trade figures. But, after comments on prospects for a G-5 meeting from Mr George Baker, US Treasury Secretary, Gilts turned cautious, and died away as the pound softened against the dollar.

While yesterday's dip in the sterling exchange rate index was small, it touched the Gilt-edged sector on a sore spot. Some London analysts have remained bearish on sterling, and warned that UK bonds will be vulnerable if the index returns to the levels of mid-December.

The rebound in the dollar brought sharp falls in gold shares, although prices steadied at the close as bears covered positions.

Composite Insurances, depressed late on Thursday by the fund-raising rumours which swirled around the financial sectors, regained composure yesterday. General Accident rallied 4 at 878p and GRE closed 3 dearer at 837p. Sun Alliance appreciated 2 at 710p and Commercial Union gained 3½ at 299p. Elsewhere, Lloyds Broker Sedgwick remained unsettled by the recent staff defections to Willis Faber and, fears that it may have incurred heavy losses on the sinking of an oil rig in Arctic waters. The shares ended a volatile session a further 2 easier for a decline of 19 on the week at 315p. Among Life issues, Legal and General added 5 at 275p and Prudential rose 11 at 856p.

FINANCIAL TIMES STOCK INDICES

	Jan. 30	Jan. 29	Jan. 28	Jan. 27	Jan. 24	Year ago	1986/87 High	1986/87 Low	Since Compilation High	Since Compilation Low
Government Secs	85.31	85.35	85.31	85.37	85.49	81.34	94.51 (18/4/86)	80.39 (20/1/86)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	91.90	91.43	91.47	91.35	91.75	87.24	97.68 (7/7/86)	86.55 (23/1/86)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,441.0	1,427.0	1,440.4	1,441.6	1,411.2	1,161.0	1,441.6 (27/1/87)	1,094.3 (14/1/86)	1,441.6 (27/1/87)	49.4 (26/6/40)
Gold Mines	321.8	322.6	331.1	322.9	318.5	341.3	357.8 (22/9/86)	185.7 (18/7/86)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.95	3.99	3.96	3.96	4.03	4.45				
Earnings Yld.%(full)	9.25	9.36	9.29	9.30	9.47	10.82				
P/E Ratio (net) (*)	13.26	13.10	13.20	13.18	12.94	11.51				
SEAQ Bargains (5 pm)	34,168	37,029	39,468	35,800	37,845	—				
Equity Turnover (£m)	—	1,585.94	1,483.77	1,254.59	1,188.27	523.72				
Equity Bargains	—	46,864	48,859	47,014	46,908	23,881				
Shares Traded (ml)	—	580.3	575.1	525.7	490.4	248.0				

S.E. ACTIVITY

Indices	Jan. 29	Jan. 28
Gilt Edged Bargains	113.7	126.3
Equity Bargains	303.7	316.6
Equity Value	3205.6	2999.1
5-Day Average		
Gilt Edged Bargains	132.6	142.2
Equity Bargains	315.2	311.0
Equity Value	2788.9	2769.6

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1428.1	1432.9	1429.4	1433.2	1434.0	1441.0	1438.8	1438.3

Day's High 1442.5. Day's Low 1428.4

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=12.77.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

Midland nervous

Although the widely-rumoured rights issue from Midland did not materialise, the shares remained a nervous market and drifted a couple of pence further down to 597p. NatWest, which is scheduled to commence the clearing bank dividend season on February 24th, relinquished 2 at 572p. TSB, meanwhile, gave up 1½ to 78½p after comment on the results, while sentiment was not helped by the prospect of a large number of bonus entitlement shares being placed on the market. Union Discount added 5 to 758p following renewed support ahead of Wednesday's preliminary figures. Morgan Grenfell firmed 8 to 421p with the rise accompanied by rumours that Lloyds had built up a 5 per cent stake in the merchant bank; Lloyds cheapened 3 more at 472p.

Vaux rocketed as takeover speculation re-emerged following Wolverhampton and Dudley's disclosure of a 5 per cent stake in the group. Wolverhampton described the shareholding as an investment and would not be drawn further but the market sensed it could be a springboard for a full-scale offer. Volume was fairly heavy and Vaux shares overcame an early-afternoon hiccup to close 68 up at 567p. Wolverhampton remained at 291p. Potential bid candidate Green King was caught up in the excitement and rose to 330p bid before reacting later to 311p, a gain of 12. Guinness meanwhile resumed their recovery movement, gaining 7 to 293p while Bass were 4 dearer at 795p and Allied-Lyons 4 firmer at 333p.

Leading Buildings gave another resilient performance. Gains, although modest, reflected continued demand in a sector generally short of stock. BPB Industries were a prime example, at 583p, up 12, while Barratt Developments added 4 to 176p and AMEC picked up 4 at 288p. John Laing hardened 6 more to 454p, while Tarmac, still reflecting a broker's upgraded profits forecast, firmed 3 to 470p. On the other hand, Marley, a firm market on Thursday reflecting a broker's recommendation, came back 2 to 140p as some 2½m shares came on offer. Gleeson, still responding to the chairman's statement, gained 7 more to 395p, while Raine Industries continued to attract buyers amid vague takeover rumours and added 1½ more to 83p. Mayer International continued firmly on 320p, up 8, and British Dredging revived with an improvement of 3 at 107p.

ICI, boosted by currency influences, edged up ⅛ to £12$\frac{9}{32}$; the annual results are due on February 26. Elsewhere in the Chemical sector, Allied Colloids settled 2 cheaper at 268p following a broker's presentation. Profit-taking clipped a penny from Reabrook at 137p.

Body Shop featured the Stores sector, rising 60 to 895p following buying in a thin market on expansion hopes. Wickes continued firmly at 224p, up 6, while Share Drug added 5 at 228p. Among the quiet Leaders, Burton softened a penny to 285p in the wake of Thursday's annual meeting at which shareholders approved the controversial executive share option scheme. Marks and Spencer cheapened 1½ to 189p and Next, at 253p, gave up a penny of Thursday's gain of 9 which followed a Messel "buy" circular.

Amstrad bought

A good business was transacted in Amstrad—10m shares changed hands—as investors took an increased interest ahead of the interim results scheduled for a couple of weeks' time and the close was 4 higher at 156p; sentiment was also helped by news that ICI had tested and approved Amstrad's PC1512 computer and approved it for purchase by its operating units. Amstrad is also holding a seminar for corporate users of its PC1512 next week. Elsewhere in Electricals, hopes of an early settlement to the engineers' strike helped British Telecom maintain a firm undertone and the close was a penny better at 225p, after 226p. Wholesale Fittings advanced 15 to 340p following the interim results, while gains of 5 and 10 respectively were seen in Zygal Dynamics, 63p, and Alphameric, 242p. Molynx were suspended at 93p at the company's request pending an announcement.

GKN were actively traded (some 4.7m shares) and settled with a gain of 17 at 315p following a broker's rerating; Bob Barber of Phillips and Drew has raised his pre-tax profits forecast for 1987 from £137m to £148m and is also expecting a good increase in the dividend. Other leading issues were inclined easier with Hawker drifting off a few pence to 527p following the announcement of further expansion in the US; the company is purchasing Metermaster, a Los Angeles-based distributor of electrical test, measurement and control products for £6.5m. Elsewhere, buyers again held sway in TI which put on 9 more to 587p. Press mention enlivened interest in Fife Indemar, up 7 at 68p, but Hallite fell that amount to 230p after the interim figures.

Associated British Foods, Thursday's star performer in the Food sector reflecting possible acquisition news and a broker's recommendation, drifted back in the absence of further buying interest to close a penny cheaper at 327p, still a rise of 25 on the week. Ranks Hovis McDougall drew fresh strength from the chairman's confident statement at the annual meeting and rose 6 to 308p, while United Biscuits added 1 to 256p. Aeates and Hutcheson attracted further buying at 308p, up 5.

Grand Metropolitan revived strongly and closed 14 higher at 479p. Trusthouse Forte were also in demand at 208½, up 3½ and Ladbroke firmed 2 to 400p.

Glaxo feature

Among the international stocks, Glaxo featured strongly with a rise of ⅝ at £12⅞ as currency influences prompted a revival of US demand. Beecham were also prominent at 486p, up 11. Elsewhere, Pilkington, continued its recent recovery movement with a further gain of 6 to 685p. Avon Rubber responded to a broker's circular by rising 22 to 435p, while the current Aids fears directed further US buying attention to London International which advanced smartly to close 20 up at 285p. Demand in a restricted market left Thompson T-Line 51 to the good at 468p, but Pentland Industries, a rising market recently following the good preliminary figures from associate Reebok, met with profit-taking and gave up 10 to 550p. Redfearn Glass firmed 13 more to 438p on the GM Firth share stake, while other noteworthy movements included Erskine House, up 18 at 176p, Christies International, 17 to the good at 365p, and Metal Box, 13 higher at 226p. Rockware firmed 8 to 69p on news of the proposed placing of 50m shares at 50p and the open offer to shareholders to raise approximately £24.15m net. Lower annual profits left Plastic Constructions 8 down at 74p. Buyers showed late interest in Williams Holdings which finished 27 up at 675p. Fothergill and Harvey closed unaltered at 302p; it was announced later that the company had received a tentative approach which may lead to an alternative offer.

Lucas Industries recovered from the despondency brought on earlier in the week by two brokers downgrading their profits forecasts, closing 12 higher at 530p.

Jaguar improved 3 to 596p, but little else of note occurred in the Motor sector.

Investors again showed a tendency to take profits in certain Newspaper and Printing issues. United Newspaper slipped back 9 further to 479 but Associated retained firmness at 526p. Haynes Publishing were 8 up at 333p after the interim statement. Goodhead Print were sold and fell 15 to 193p while Klearfold gave up 3 more to 68p on further consideration of the poor annual figures. On a brighter note, DRG rebounded 10 to 348p and Moorgate Group jumped 15 to 125p. News of the Prudential Corporation stake lifted David S. Smith 5 to 273p. Still reflecting Thursday's acquisition, TMD Advertising gained 6 further to 136p, while Yellowhammer advanced 7 to 153p and Saatchi and Saatchi 7 to 802p. Completion of the ADR placing of 4.6m shares nudged Carlton Communications up to £10⅞.

Properties attracted selective buying interest. British Land continued to reflect a broker's recommendation with a rise of 1½ to 189½p and Great Portland Estates firmed 4 to 212p on vague takeover rumours. Slough Estates made good progress to 185½p before easing back on the appearance of a sizeable seller to close only 1½p dearer at 183p. Profit-taking clipped 18 from recent favourite Local London at 475p, but Connells gained 16 to 346p on takeover hopes; the company recently rejected bid overtures from an unnamed party. Brookmount made fresh progress at 370p, up 7, and Property Partnerships firmed a like amount to 410p.

After-the-event profit-taking, increased annual profits were well received the previous day, pulled Allied Textile back 13 to 332p and Bulmer and Lumb fell 20 in sympathy to 138p.

Rothmans International benefited as a large line of stock was cleared from the market, and ended 5 higher at 187p. BAT Industries also went higher but the early gain was eventually halved to one of only 5 at 500p.

Trading statements caused little movement in selected Investment Trusts including Globe, at 140p. Dualvest, which is seeking shareholders approval of proposals for unitisation involving transfer of the trust's net assets after repayment of the Capital shares, improved narrowly. Dualvest Income shares hardened to 59p while the Capital shares rose ⅝ to £18½.

Brint Investments, down 13p more at 273p, were the chief casualty in Financials, where NMC Investments picked up 13p to 188p.

The oil majors edged forward at first, but subsequently drifted back in the absence of worthwhile buying interest and a cautious opening on Wall Street to close with minor falls on balance. British Petroleum, after early progress to 775p, slipped back to close at 773p up 1p. Shell moved narrowly and were finally unchanged at £10⅞. Lasmo attracted support at 183p, up 11p, while Britoil edged up 2p to 189p. Tricentrol were 5p dearer at 91p.

Most financial analysts commented favourably on Lonrho's prospects after Thursday's preliminary statement but investors were not impressed. The price went lower from the opening and touched 249p before settling 3p down at 251p.

The sharp rise in the dollar on the US trade figures "killed" gold shares yesterday, said a major dealer.

Although already to some extent anticipated, the plunge in bullion prices to below the $400 mark intensified downward pressures on producer issues. What had been largely a mark-down in early trading became a sell-off in mid-afternoon. However, with the bullion price steadying in London to end at $404, against $409 overnight, share prices too rallied at the end of the session. Traders ascribed the share rally to little more than bear closing, and the market will await Monday's opening with some apprehension.

The FT Gold Mines index dipped 0.8 to 321.8, with Vaal Reefs, and Buffelsfontein among the casualties.

Traded Options

Traded Options finished a moderate week with 40,404 contracts transacted—28,633 calls and 11,771 puts. Operators displayed revived enthusiasm for call positions in Hanson Trust which contributed 4,252 trades. Attention elsewhere centred on Guinness which recorded 3,483 calls and British Telecom, 2,917.

Traditional Options

- First dealings Jan 19 Feb 2 Feb 16
- Last dealings Jan 30 Feb 13 Feb 27
- Last declaration Apr 23 May 7 May 28
- For Settlement May 5 May 18 June 8

For rate indications see end of Unit Trust Service

Money was given for the call of Burton, London Securities, Dominion International, Hampton Trust, Christie's International, Fergebrook, Pleasurama, Times Veneer, Goal Petroleum, Paragon, Raine Industries, Polly Peck, Amstrad, Conroy Petroleum, Booth Industries, Saville Gordon, ASDA-MFI, Benchmark, Sound Diffusion, Suter, TSB, J. Israel, Aurora, Amari, Rotaprint, Davy Corporation, Turner and Newall, S. R. Gent, Aim Group, FJC Lilley, Hartons, Pentland Industries, H. Cory and Powerline. Puts were arranged in Micro Business Systems, Suter, Randsworth and Wellcome, while double options were transacted in Kellock and Hampton Trust.

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls Jly.	Calls Oct.	Puts Apr.	Puts July	Puts Oct.
Allied Lyons (*332)	280	62	67	—	2	3	—
	300	42	50	60	2½	7	10
	330	23	33	43	10	20	23
	360	10	17	27	33	37	40
B.P. (*774)	650	133	148	—	2	5	—
	700	87	105	—	7	13	—
[illegible]							

Option		Calls Feb.	Calls May.	Calls Aug.	Puts Feb.	Puts May.	Puts Aug.
Ladbroke (*400)	330	75	82	92	0½	2	3
	360	45	53	63	1½	5	8
	390	18	32	43	6	15	18
	420	5	18	25	23	32	37
LASMO (*181)	140	42	45	50	1	2	5
	160	22	31	35	1	6	10
	180	8	20	26	7	16	19
[illegible]							

January 30. Total Contracts 40,404. Calls 28,633. Puts 11,771
FT-SE Index; Call 1,946 Puts 998
*Underlying security price.

NEW HIGHS AND LOWS FOR 1986-87

NEW HIGHS (222)

BRITISH FUNDS (1). AMERICANS (6). CANADIANS (5). BANKS (1). BREWERS (2). BUILDINGS (17). CHEMICALS (4). STORES (11). ELECTRICALS (17). ENGINEERING (9). FOODS (14). INDUSTRIALS (47). INSURANCE (3). LEISURE (6). MOTORS (3). NEWSPAPERS (3). PAPER (7). PROPERTY (14). TEXTILES (5). TRUSTS (42). OILS (3). MINES (2).

NEW LOWS (5)

ELECTRICALS (1) TDK Corpn. INDUSTRIALS (3) Brierley Inv, Hollis 252pc Ln, Tech Project Serv. PAPER (1) Peters (Michael).

LONDON STOCK EXCHANGE

DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Details otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 1.30pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ⊕ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

CORPORATION & COUNTY

London County 2½pc 1920 (or after) £21 (28/1)
Greater London Council 6¾pc 1990-92 £83¾ 63-64 4 ¾
Aberdeen 10.80pc 2011 £100¼‡ (28/1)
Barnet Corpn 12¼pc 1987 £100 3/16 (28/1)
Birmingham Corpn 2½pc 1926 (or after) £22 (23/1)
Bristol 11½pc 2008 £106¼ (23/1)
Glasgow Corpn 3½pc £25 (27/1)
Islington Corpn 23.65pc 2007 £115 (26/1)
Manchester 11.5pc 2007 £105½ 6½ (26/1)
Manchester Corpn 3pc 1928 (or after) £25 (26/1)
Merton (London Borough of) 11¼pc 2017 £103¼ (27/1)
Newcastle-Upon-Tyne 11¼pc 2017 £104 (23/1)
Norwich Corpn 3pc £21 (28/1)
Salford Corpn 5½pc 1986-88 £91½
Southend-on-Sea Borough Council 12pc 1987 £100½ (27/1)

(28/1). 7pc3rdPf (£1) 62 (23/1). 6½pcDb 1986-91 £84 (27/1). 6¾pcDb 1984-87 £95½. 7pcDb 1988-93 £84. 7¾pcDb 1989-94 £86 (28/1). 5¾pcDb 1991-96 £94. 7¼pcLn 1986-91 £89½ (23/1). 7¼pcLn 1995-99 £78¾. 7¾Ln 1996-2000 £77¾ (27/1). 9pcLn 1997-2001 £89¼⊕. 10½pcLn 2000-05 £98½
Whitbread Inv Co 264 5 6 6. 5¾pcDb 1984-89 £90. 6½pcDb 1987-92 £82½
Wolverhampton and Dudley Breweries 6pc Pf (£1) 58 (28/1)
Young and Co's Brewery 9pcPf (£1) 112 (23/1). 6½pc1stDb 1984-89 £89¼ 90½ (23/1)

COMMERCIAL, INDUSTRIAL

A—B

AE 8pcLn 1989-94 £85 (23/1)
AGA Aktiebolag B (Sk25) Sk142⊕
AMEC 15pcLn 1992 £109 (27/1)
APV Hldgs 10½pcLn 1997-2002 £430 (26/1)
Ace Belmont Int 10pcPf (£1) 115½ (27/1)

...

Spencer (A) 50 (26/1)
Star Offshore Services 10pcLn 1982-89 £85 (26/1)
Thwaites (Daniel) (£1) 625 35
UTC Trading Corp (5p) 28 33
UTC Trading (5p) 29 31 (27/1)
Weetabix A (Non-Vtg) 197 200 (28/1)
West Hampshire A 7pcMax (£10) 500 (27/1)
Winchmore 58 (28/1)
Wistech (1p) 19 21
Wolverhampton Racecourse 170 (23/1)
Wynstay Props 110

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

Acmex Hldgs 235⊕ A$5.78
Acorn Secs 54⊕ ½⊕ (26/1)
Allstate Explns A$1.296 (27/1)
American Barrick Res Corp NPV £12⅜
Ampol Expln 152
Amsterdam-Rotterdam Bank Fl 84.8 5¾
Anglo American Corp of S Africa (R0.10) $17.00⊕ 16⅞
Anglo American Gold Invest £5300
Asia Oil and Mins 5⊕ 7½⊕ 9⊕ 8½
Aust Devpt A$3¼
Aust Foundation Inv 115⊕ (28/1)
Aust Oil and Gas A$2.65 (28/1)
Black Hill Mins 17⊕ A$0.415
Brown-Forman Inc Class B £46⅞ (23/1)
Burwill Int 12⊕
CSF (Thomson—CSF) £175½⊕ FFr 1590.0⊕ FFr 1535 40 50
Central Norseman Gold A$16¼⊕ p 710 A$16.7 ¾ 16.34
Central Victoria Gold Mines 9⊕ A$0.201 (28/1)
Charriot Res 15
Coal and Allied Indus A$5.151
Cockburn Cement A$2.045 (23/1)
Conex Aust 5½ ¾
Cons Expln 275⊕
Cons Res 2⊕ (28/1)
Coopervision Inc Cm $17.65
Devat Bank of Singapore S$9.8 (28/1)
Digicon Inc 36⊕ (28/1)
Du Pont (E. I.) De Nemours $95.925⊕ (23/1)
East Coast Mins 4⊕ (26/1)
Emu Hill Golds Mines 4
Energy Oil and Gas 9

...

Mount Carrington Mines 80 7
Mount Martin Gold Mines 26
National Electronics (Consld)
Nationale-Nederlanden CVA (Fl2) Fl72 73.6 74.2 74.45
New Zealand Goldfields NZ$3.45
North Flinders Mines 490 A$12.
Oceanic Equity A$2.97 3.00 (27/1)
Oil Search 41⊕ ½⊕ 2⊕ 41½ 2
Oilmet Res 65
Overseas Chinese Banking Corp
Pan Australian Mng A$1.806
Pancontinental Pet 6¾
Pargesa Hldgs £960.1 (28/1)
Peterville Sleigh A$2.331 2.35
Pine Vale Invs $0.54 0.55 (23/1)
Pioneer Electronic Y2165.0
Pioneer Sugar Mills A$1.6 (23/1)
Planet Resources Grp 4
Playmates Hldgs $0.16⊕ (28/1)
Plenty River Mining 38 (28/1)
Regal Hotels (Hldgs) 15⊕
Robinson S$2.91 (23/1)
Rorer Grp $43.68⊕ (28/1)
Selangor Properties 43⊕
Service Corp Int $41⅛⊕ 41.915 (26/1)
Singapore Land S$5.95⊕ S$5.8
Sky Line Expln NPV 456¼⊕ 62 87½⊕
Snap-On Tools £21¾
Societe Nationale Elf Aquitaine £38.400 557⅛ FFr 342.0
Sonora Gold C59⊕
Source Perrier FFr 800.0⊕ FFr 795.0
Southland Corp $46⅛⊕ (26/1)
Sun Hung Kai HK$2.267 (28/1)
Sun Hung Kai Properties HK$18.53 (28/1)
Tandem Resources C$1.37⊕ p62⊕
Target Petroleum 25 A$0.582
Target Petroleum (A$0.15) 17 18
Terramar Resources .45⊕ C$0.89 (27/1)
Valiant Cons 2⊕
Vereeniging Refractories 145 (27/1)
Village Main Reef 40⊕ R3¼
Vuitton (Louis) FFr 1135.0 (28/1)
Walhalla Mining A$0.05⊕
Wattle Gully Gold Mines A$0.22 (27/1)
Westfield Minerals 100⊕ C$2.0⊕

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

Andaman Resources (10p) 80 3
Fishermans Petroleum (£1) 65 70
Kenmare Oil Exploration (Ir£0.25)
North West Exploration (20p)

(By permission of The Stock Exchange Council)

...

Gaynor Grp (10p) 114 8 20
Gibbs Mew 217 (27/1)
Goodhead Print Grp 7pcPf (£1) 118 37 50 1½
Gould (Laurance) 130 (23/1)
Halls Homes & Gardens (5p) 118⊕
Harmony Leisure Grp (5p) 30
Heavitree Brewery A 415 (27/1)
Hornby Grp (5p) 93 3 5 5
Johnson Fry (10p) 161½ 2
Lodge Care 7¼pcPf 1991-96 (£1) 117
Mayborn Grp (5p) 110 2 (28/1)
Memory Computer 7.8pcPf 1994-98 (Ir£1) 195
Parkfield Grp 7pcPf (£1) 207 7 10
Perkins (John) Meats (10p) 34
Quarto Grp ($0.10) 126 (23/1)
Scanro Hldgs 7.75pcPf (£1) 102
Sigmex Intnl (10p) 62
Soundex (10p) 243 7 50 (28/1)
TSB Channel Islands 108 8 10
Tribble Harris Li ($0.01) 127

THE THIRD MARKET

Abelscot Grp (10p) 228 8
Aberdeen American Petroleum (10p) 31
Allied Insurance Brokers Grp (10p) 114 (27/1)
Corton Beach (10p) 52 8 9 60 2 3
Publishing Hldgs (5p) 19 ½
Theme Hldgs (2p) 51 2 3
Unit Grp (20p) 132⊕

SPECIAL LIST

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Aircall (5p) 225 (26/1)

MONTHLY AVERAGES OF STOCK INDICES

	January	December	November	October
Financial Times				
Government Securities	85.18	82.18	81.80†	82.71†
Fixed Interest	91.34	89.02	88.68	89.226
Ordinary	1,392.6	1,283.6	1,289.2	1,262.3
Gold Mines	324.9	313.7	305.5	302.3
SEAQ Bargains (5p.m.)	37,483	28,527	29,261	—
F.T.—Actuaries				
Industrial Group	908.47	843.60	844.89	815.49
500 Share	965.82	895.16	888.99	862.13
Financial Group	643.32	606.35	606.19	591.43
All-Share	879.30	817.98	812.5	788.06
FT-SE 100	1,762.8	1,638.8	1,636.8	1,593.1

	Jan High	Jan Low
Ordinary	1,441.6(27th)	1,320.2(2nd)
All-Share	904.34(28th)	836.40(2nd)
FT-SE 100	1,814.4(27th)	1,680.0(5th)

† Correction

FT-ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Friday January 30 1987 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Thurs Jan 29 Index No.	Wed Jan 28 Index No.	Tues Jan 27 Index No.	Year ago (approx.) Index No.	1986/87 High		1986/87 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (209)	769.07	+0.3	8.22	3.43	15.40	0.74	767.13	770.79	769.79	600.51	770.79	28/1/87	567.56	14/1/86	770.79	28/1/87	50.71	13/12/74
2	Building Materials (27)	939.24	+0.5	8.33	3.47	15.07	0.56	935.01	930.23	923.73	652.25	939.24	30/1/87	613.05	23/1/86	939.24	30/1/87	44.27	11/12/74
3	Contracting, Construction (28)	1323.71	+0.2	7.25	3.54	18.97	0.34	1321.59	1325.96	1311.07	950.48	1325.96	28/1/87	911.08	23/1/86	1325.96	28/1/87	71.48	2/12/74
4	Electricals (12)	1941.10	+1.6	7.76	4.04	16.54	0.00	1910.02	1923.92	1931.17	1687.35	2092.98	21/4/86	1530.81	2/1/86	2092.98	21/4/86	84.71	25/6/62
5	Electronics (38)	1723.11	—	8.34	2.39	15.90	5.15	1723.04	1745.04	1756.17	1456.58	1794.13	30/4/86	1365.94	29/9/86	2049.05	13/11/84	1229.01	8/10/85
6	Mechanical Engineering (61)	436.94	—	9.16	3.80	13.90	0.17	436.87	437.45	437.10	334.40	437.45	28/1/87	316.63	23/1/86	437.45	28/1/87	45.43	5/1/75
8	Metals and Metal Forming (7)	398.73	−0.3	9.17	3.73	13.25	0.00	399.74	399.87	399.65	267.12	403.04	16/1/87	241.87	2/1/86	403.04	16/1/87	49.65	6/1/75
9	Motors (15)	308.05	+1.7	8.93	3.41	12.91	0.08	302.87	302.49	300.21	234.76	322.48	3/7/86	206.50	14/1/86	322.48	3/7/86	19.91	6/1/75
10	Other Industrial Materials (21)	1276.06	−0.1	7.11	4.32	16.80	0.09	1277.03	1291.61	1291.64	1084.27	1347.13	3/4/86	993.49	21/1/86	1347.13	3/4/86	277.55	15/1/81
21	CONSUMER GROUP (186)	1038.44	+0.8	7.09	3.05	18.13	0.95	1029.92	1036.72	1034.17	782.91	1038.44	30/1/87	739.82	14/1/86	1038.44	30/1/87	61.41	13/12/74
22	Brewers and Distillers (22)	981.48	+1.6	8.66	3.53	14.50	0.00	966.27	971.74	976.80	797.85	989.31	30/6/86	764.25	14/1/86	989.31	30/6/86	69.47	13/12/74
25	Food Manufacturing (25)	799.77	+0.4	8.36	3.52	15.72	1.18	796.31	794.45	790.75	578.90	799.77	30/1/87	549.51	14/1/86	799.77	30/1/87	59.67	11/12/74
26	Food Retailing (16)	1956.35	+0.5	6.88	2.78	20.21	9.50	1946.15	1958.53	1965.58	1713.71	2015.98	9/9/86	1629.03	21/1/86	2015.98	9/9/86	54.25	11/12/74
27	Health and Household Products (10)	1914.62	+2.5	4.96	1.98	23.37	0.02	1868.18	1898.00	1891.68	1316.26	1914.62	30/1/87	1175.61	14/1/86	1914.62	30/1/87	175.38	28/5/80
29	Leisure (31)	1102.09	−0.3	6.92	3.77	18.81	0.73	1105.22	1111.96	1113.73	773.55	1113.73	27/1/87	731.17	24/1/86	1113.73	27/1/87	54.83	9/1/75
31	Packaging & Paper (14)	563.03	+1.8	6.31	2.97	20.57	0.38	552.84	556.39	554.62	388.13	563.03	30/1/87	362.52	9/1/86	563.03	30/1/87	43.46	6/1/75
32	Publishing & Printing (14)	3261.59	−0.2	6.23	3.49	20.65	3.41	3266.98	3277.32	3177.22	1947.10	3277.32	28/1/87	1834.16	9/1/86	3277.32	28/1/87	55.08	6/1/75
34	Stores (37)	870.19	−0.1	7.37	3.11	18.44	0.25	871.13	876.84	875.83	743.39	984.64	3/4/86	707.79	23/1/86	984.64	3/4/86	52.63	6/1/75
35	Textiles (17)	635.49	+0.1	8.29	3.19	13.88	0.00	634.93	638.08	633.12	430.70	638.08	28/1/87	375.50	14/1/86	638.08	28/1/87	62.66	11/12/74
40	OTHER GROUPS (87)	884.97	+0.7	8.58	3.73	14.51	0.52	878.97	878.46	877.98	723.60	884.97	30/1/87	696.16	21/1/86	884.97	30/1/87	58.63	6/1/75
41	Agencies (17)	1226.37	+0.8	4.68	1.79	29.12	0.30	1216.93	1225.52	1220.58	0.0	1226.37	30/1/87	1111.16	2/1/87	1226.37	30/1/87	1111.16	2/1/87
42	Chemicals (21)	1156.55	+0.6	7.68	3.65	15.86	2.85	1149.09	1152.18	1136.74	788.11	1156.55	30/1/87	729.24	14/1/86	1156.55	30/1/87	71.20	1/12/74
43	Conglomerates (13)	1125.86	+1.1	7.66	3.87	15.48	0.15	1113.92	1143.25	1158.48	0.0	1193.47	15/1/87	1112.14	2/1/87	1193.47	15/1/87	1112.14	2/1/87
45	Shipping and Transport (10)	1715.67	+0.1	6.14	4.35	20.55	0.00	1713.39	1712.48	1719.02	1412.35	1719.02	27/1/87	1316.35	14/1/86	1719.02	27/1/87	90.80	29/6/62
47	Telephone Networks (2)	898.15	+0.7	10.41	4.29	13.10	0.00	892.35	880.31	881.37	874.86	1050.03	4/4/86	712.14	3/10/86	1050.03	4/4/86	517.92	30/11/84
48	Miscellaneous (24)	1214.70	+0.6	9.84	3.47	11.45	0.07	1207.59	1196.13	1202.81	879.21	1214.70	30/1/87	866.26	9/1/86	1214.70	30/1/87	60.39	6/7/75
49	INDUSTRIAL GROUP (482)	938.86	+0.6	7.78	3.33	16.30	0.79	932.87	936.79	935.24	728.30	938.86	30/1/87	691.89	14/1/86	938.86	30/1/87	59.01	13/12/74
51	Oil & Gas (18)	1611.71	+0.2	10.57	5.62	11.96	0.00	1608.55	1619.88	1634.92	1148.03	1634.92	27/1/87	1099.63	20/2/86	1634.92	27/1/87	87.23	29/5/62
59	500 SHARE INDEX (500)	995.73	+0.6	8.18	3.66	15.49	0.72	990.00	994.56	994.49	764.47	995.73	30/1/87	727.53	14/1/86	995.73	30/1/87	63.49	13/12/74
61	FINANCIAL GROUP (117)	651.73	+0.2	—	4.32	—	0.33	650.56	659.22	659.03	526.99	659.22	28/1/87	507.50	14/1/86	659.22	28/1/87	55.88	13/12/74
62	Banks (8)	714.91	−0.3	17.65	5.14	7.78	0.69	716.83	730.37	729.45	527.67	738.91	16/1/87	517.21	5/2/86	738.91	16/1/87	62.44	12/12/74
65	Insurance (Life) (9)	924.73	+0.9	—	4.20	—	0.00	916.26	924.55	922.00	799.09	924.73	30/1/87	765.18	23/1/86	924.73	30/1/87	44.88	2/1/75
66	Insurance (Composite) (7)	495.50	+0.4	—	4.38	—	0.00	493.56	504.86	507.17	419.64	525.13	14/4/86	403.56	2/1/86	525.13	14/4/86	43.96	13/12/74
67	Insurance (Brokers) (9)	1197.64	+0.2	7.97	4.42	16.30	0.97	1194.95	1224.91	1230.51	1286.73	1315.27	12/2/86	1119.12	30/12/86	1315.27	12/2/86	65.86	16/12/74
68	Merchant Banks (11)	384.13	+0.3	—	3.00	—	0.00	382.97	384.13	385.69	382.38	390.44	16/1/87	277.36	24/1/86	390.44	16/1/87	31.21	7/1/75
69	Property (47)	829.98	+0.3	5.76	3.54	22.61	0.05	827.88	831.95	829.58	672.43	833.19	20/1/87	635.84	23/1/86	833.19	20/1/87	56.01	20/4/65
70	Other Financial (25)	406.32	—	7.30	3.75	17.34	0.62	406.31	405.91	404.70	296.36	406.32	30/1/87	287.55	24/1/86	406.32	30/1/87	33.29	17/12/74
71	Investment Trusts (96)	917.77	−0.2	—	2.50	—	0.60	919.26	918.86	916.05	658.85	919.26	29/1/87	633.36	14/1/86	919.26	29/1/87	71.12	13/12/74
81	Mining Finance (2)	370.35	−0.3	8.44	4.33	13.94	0.00	371.51	374.32	375.53	268.47	375.53	27/1/87	240.83	2/1/86	375.53	27/1/87	66.31	30/9/74
91	Overseas Traders (12)	832.75	−0.3	9.57	5.37	12.66	0.00	834.88	845.33	849.93	620.43	849.93	27/1/87	597.55	2/1/86	849.93	27/1/87	97.37	6/1/75
99	ALL-SHARE INDEX (727)	903.29	+0.5	—	3.73	—	0.61	899.10	904.34	904.21	696.41	904.34	28/1/87	664.42	14/1/86	904.34	28/1/87	61.92	13/12/74

	Index No.	Day's Change	Day's High	Day's Low	Jan 29	Jan 28	Jan 27	Jan 26	Jan 23	Year ago	1986/87 High		1986/87 Low		Since Compilation High		Since Compilation Low	
FT-SE 100 SHARE INDEX ♦	1808.3	+10.2	1814.8	1797.4	1798.1	1812.1	1814.4	1781.8	1795.3	1435.0	1814.4	27/1/87	1370.1	14/1/86	1814.4	27/1/87	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Jan 30	Day's change %	Thurs Jan 29	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	120.94	+0.07	120.85	—	0.85
2	5-15 years	134.80	+0.09	134.68	—	1.37
3	Over 15 years	141.92	+0.14	142.07	0.34	0.75
4	Irredeemables	154.09	−0.16	154.33	—	0.00
5	All stocks	132.47	+0.09	132.40	0.05	1.09
	Index-Linked					
6	5 years	117.15	+0.04	117.10	—	0.00
7	Over 5 years	114.19	+0.06	114.12	—	0.36
8	All stocks	114.64	+0.06	114.58	—	0.30
9	Debentures & Loans	117.26	+0.13	117.20	0.10	0.25
10	Preference	81.93	−0.01	81.94	—	0.22

	AVERAGE GROSS REDEMPTION YIELDS		Fri Jan 30	Thurs Jan 29	Year ago (approx.)	1986/87 Highs		1986/87 Lows	
	British Government								
1	Low Coupons	5 years	9.31	9.29	9.91	10.26	20/1/86	7.37	18/4/86
2		15 years	9.85	9.86	10.43	10.87	20/11/86	8.32	18/4/86
3		25 years	9.86	9.87	10.44	10.88	20/11/86	8.33	18/4/86
4	Medium Coupons	5 years	10.33	10.33	11.56	11.89	14/1/86	8.58	18/4/86
5		15 years	10.14	10.14	10.91	11.23	20/11/86	8.58	18/4/86
6		25 years	9.96	9.95	10.57	10.79	20/11/86	8.58	18/4/86
7	High Coupons	5 years	10.37	10.38	11.71	12.07	20/1/86	8.73	18/4/86
8		15 years	10.29	10.29	11.12	11.41	20/11/86	8.73	18/4/86
9		25 years	10.02	10.00	10.67	10.86	20/11/86	8.73	18/4/86
10	Irredeemables†		9.81	9.79	10.26	10.51	20/11/86	8.38	18/4/86
	Index-Linked								
11	Inflat'n rate 5%	5 yrs	3.55	3.53	4.70	5.18	14/1/86	3.24	29/4/86
12	Inflat'n rate 5%	Over 5 yrs	3.74	3.74	3.89	4.01	20/1/86	3.26	13/5/86
13	Inflat'n rate 10%	5 yrs	1.96	1.93	3.68	4.23	14/1/86	1.63	21/1/87
14	Inflat'n rate 10%	Over 5 yrs	3.58	3.58	3.73	3.85	14/1/86	3.09	19/5/86
15	Debs & Loans	5 years	11.02	10.96	12.29	12.78	27/1/86	9.72	8/7/86
16		15 years	10.98	10.95	11.81	11.93	4/2/86	9.79	22/4/86
17		25 years	10.94	10.95	11.59	11.91	20/11/86	9.69	17/4/86
18	Preference†		11.45	11.44	12.10	12.18	24/2/86	10.30	9/6/86

♦ Opening index 1797.7; 10 am 1803.9; 11 am 1799.3; Noon 1804.4; 1 pm 1804.6; 2 pm 1812.1; 3 pm 1809.0; 3.30 pm 1809.6; 4 pm 1807.5.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/04/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/04/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs. & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

NAME CHANGE: British & Commonwealth Shipping has become British & Commonwealth Holdings (70).

INTL. COMPANIES and FINANCE

Cote d'Or takeover leaves a sour taste, reports Tim Dickson

Swiss wrap up Belgian chocolates

"BELGIAN CHOCOLATE with a Swiss taste." That was how one Brussels newspaper yesterday headlined the news that Cote d'Or, the country's biggest and most famous confectioner, had agreed to a BFr 4.7bn ($127m) takeover from the German-Swiss concern Jacobs-Suchard.

The image was particularly apt because it is an accurate description now not just of Cote d'Or — which accounts for around 45 per cent of the market — but for much of the rest of the traditional Belgian chocolate industry. In the early 1980s, for example, Suchard bought Callebaut, a leading local brand, before moving firmly into the number two position last summer through its acquisitions of the international interests of the German Monheim group. By doing so it swallowed up General Chocolate, which had previously taken over the three smaller Belgian companies, Victoria, Maurisse and Novesia.

Given that Jacques, the only other large player in the sector, is controlled by Imhoff of West Germany, the traditional Belgian chocolate business has now passed completely into foreign hands.

Not surprisingly, perhaps local reaction to the latest developments has not been wholly favourable. It has ranged from the suggestion of one senior chocolate company executive yesterday that, having lost the reputation for producing the best chocolate in the world, the Swiss have had to come to Belgium to find it, to more biting criticism of the Belgian authorities for "passivity," and concern that too many local companies are being bought up by foreign owners.

Why, then, has Cote d'Or decided to sell? The immediate answer is that the price offered —just over BFr 8,000 for the ordinary shares, compared with a market price of BFr 5,350 before they were suspended at the beginning of the week — looks by any standards to be extremely generous. Mr Baudouin Michiels, the managing director, whose own family and associates spoke for around two-thirds of the equity, has long been on record as determined to remain independent. Yet as one company executive put it yesterday, "there are some offers that you just can't refuse."

Cote d'Or has been through a difficult patch recently. It was caught out in 1985 by the sharp rise in cocoa prices which along with difficulties in its Spanish operations, contributed to losses of BFr 61m. Last year's performance was improved considerably though the company confirmed yesterday that profits would not match their record 1984 level.

The outlook for 1987 remains favourable. Most analysts in Brussels agreed that Cote d'Or has been a well-run family company, yet life as a medium-sized business in competitive international markets has become increasingly tough. The group has been trying to expand elsewhere in Europe — its main markets are France, Germany, Spain and the Netherlands — so Suchard's additional financial muscle will be especially welcome and should open up new possibilities in the US.

"Expansion costs money and sooner or later you come face to face with reality," one observer put it yesterday. "You're either small or you have to be able to compete with the big boys such as Cadburys, Rowntree Mackintosh and Nestle, which emerged as a rival bidder for Cote d'Or this week).

German insurer seeks DM 1.3bn

BY ANDREW FISHER IN FRANKFURT

AACHENER und Münchener, the West German insurance group which is paying DM 1.9bn for the Bank für Gemeinwirtschaft, yesterday announced a record breaking DM 1.34bn ($730m) rights issue as part of its capital-raising plans to pay for the trade union-owned bank.

The insurance company, in which Royal Insurance of the UK is a 20 per cent shareholder, set out a three-stage plan to increase its capital. First, it will take a one-for-three scrip issue to lift capital from DM 66m to DM 88m.

The second stage will be the rights issue, with capital being doubled to DM 176m and the new DM 50 nominal shares being offered on a one-for-one basis at DM 760 each compared with yesterday's closing share price of DM 1,830.

Finally, Aachener und Münchener, which is based in Aachen, plans to allot DM 44m of authoriser capital for eventual placing of bearer shares, mainly abroad in London and Zurich.

The timing of this has yet to be decided, but the company expects the bearer stock to trade well above the DM 760 issue price.

With German shares prices weakening since the start of the year, the news of such a large rights issue could further dampen the market, some analysts said. The planned privatisation of 25 per cent of shares of the Veba energy group will require DM 3bn, and Deutsche Babcock recently announced a large rights issue.

The insurance company said the first two parts of its financing programme would follow immediately after its annual meeting on March 9. It is buying 51 per cent of Bank für Gemeinwirtscaft, which it has to pay for by June.

Aachener also said it would be paying a maintained dividened of DM 12.50 a share.

Ford of Germany out of red

By Our Frankfurt Staff

FORD-WERKE, THE West German subsidiary of Ford Motor of the US, moved strongly back into profit in 1986 after two years of losses, Mr Daniel Goeudevert, the chairman, said yesterday.

The Cologne-based company raised its production of cars and transit vans by nearly 12 per cent to 863,000 units. This was the highest output since the peak of 1977, when 878,000 cars and vans were manufactured.

The return to the black was foreshadowed by Ford last summer, when the company said profits of at least DM 100m ($56.3m) should be achieved, after operating losses had come down to DM 50m in 1985 from DM 298m the previous year.

Mr Goeudevert said Ford's improved financial performance stemmed from its more attractive model range and its decision to put earnings before market share.

The measures introduced two years ago by Ford to streamline its operations had also contributed to its improvement, he said. "Ford has become slimmer and more efficient."

Mr Goeudevert said the German motor industry would experience slightly lower demand this year, a view expressed by the industry in general. Last year, new car registrations in Germany were a record 2.8m, which the German Automobile Industry Association (VDA) reckons will slip to 2.7m in 1987.

Ford-Werke's share of the German market is nearly 11 per cent. The company exported 66 per cent of its production last year.

Skandia plans higher dividend

BY SARA WEBB IN STOCKHOLM

SKANDIA, THE leading Swedish insurance group, showed a dramatic improvement for 1986 and plans to step up its dividend.

Operating profits on non-life insurance totalled SKr 840m ($130m) compared with a loss of SKr 208m in 1985.

Skandia says the recovery is due to a combination of factors including an increase in premium income, a reduction in total claims, and a strong performance on the investment side.

Profits from the insurance activities amounted to SKr 95m, compared with a loss in 1985 of SKr 308m, while financial income rose to SKr 795m, against SKr 131m the previous year.

The board recommends a dividend of SKr 2 per share. Last year's payout was SKr 1.2 following a share split.

Premium income in 1986 reached an estimated SKr 4.14bn, up 15.2 per cent. Premium income for consumer insurance rose by 17.5 per cent.

Skandia increased premium rates for all classes of business except motor by between 15 per cent and 20 per cent last year, and says that the effects of these increases have begun to filter through.

However, Mr Björn Wolrath, Skandia's managing director, said that the company did not propose to raise premium rates for motor insurance "because the competition in the market is too tough."

Claims fell by 4.6 per cent from SKr 3.2bn to SKr 3.09bn, with fewer claims for damages from home-owners and in the commercial sertor.

Control Data reduces deficit

By Anatole Kaletsky in New York

CONTROL DATA, the large Minneapolis-based computer manufacturer, which has been struggling with large losses for the past two years, announced a 1986 net deficit of $264.5m or $6.48 a share, after falling $567.5m or $14.56 a share into the red in 1985.

The 1986 deficit was concentrated in the fourth quarter when the company reported a net loss of $226.2m, after taking previously-announced charges of $208.9m.

Total revenue was cut last year by 9 per cent to $3.35bn, compared with $3.68bn in 1985, as a result of consolidation. In the fourth quarter revenues were $903m, 8 per cent down.

Mitel shows modest profit

BY BERNARD SIMON IN TORONTO

MITEL, the Canadian telecommunications equipment maker controlled by British Telecom, returned to the black in the third quarter of its current fiscal year, posting a small profit of C$76,000 (US$57,000) in the three months to December 26, compared to a C$15m loss a year earlier.

Losses per share, after extraordinary items, dropped from 45 cents to 2 cents.

None the less, heavy write-offs earlier in the year kept losses for the first nine months, at C$71.5m, well above those in the same period of 1985, which totalled C$43.5m.

Third-quarter revenues dropped slightly from C$112.5m to C$107m, due largely to lower sales in Canada. Nine-month sales remained 12 per cent higher than 1985, reflecting improved sales in the US and European demand for the new SX-2000 office communications system.

Several changes have been put in place at Mitel since the British Telecom takeover almost a year ago. Excess manufacturing capacity has been trimmed, some of the company's marketing resources have been shifted to the US, and new senior appointments have been made.

Mr Anthony Griffiths, president, said that these actions "are beginning to have a favourable impact on the company's performance."

The cost of sales dipped to 54 per cent of revenues in the first nine months of the year, down from 65 per cent a year earlier.

Pace of growth slackens at Petrofina

By William Dawkins in Brussels

PETROFINA, the Belgian oil and energy group, yesterday reported net income of BFr 18.34bn ($494m) for 1986, a 7.4 per cent gain on the previous year's BFr 17.07bn.

That represents a slight slackening in the pace of growth for Belgium's largest industrial concern, which recorded a 10 per cent expansion in net income in 1985.

The group, owner of Charterhouse Petroleum, the British oil company, said that a fall in production income resulting from the collapse of crude oil prices was offset by improved performance in refining and distribution, and more particularly in petrochemicals and other sectors of activity.

The company issued new shares during the year to fund the Charterhouse acquisition, but despite the risk of earnings dilution, managed to boost profits per share from BFr 985 to BFr 1,011.

The directors propose a dividend — net of withholding tax — of BFr 360 per share, up from last year's BFr 330.

US hotel group agrees $1.2bn financing

BY WILLIAM HALL IN NEW YORK

A GROUP of US banks, led by Citibank, have agreed to lend $1.22bn in secured floating-rate debt to Holiday Corporation, the biggest US hotel chain, which is in the middle of a recapitalisation designed to insulate it against hostile takeovers.

Citibank, Bankers Trust and Bank of Nova Scotia will provide $850m and will seek to form a syndicate of banks for the remainder of the $1.22bn bank financing.

The balance ofthe financing will be provided by $900m in senior secured notes underwritten by Drexel Burnham Lambert, and $500m in subordinated debentures underwritten by Drexel nad Goldman Sachs. The company anticipates that about $300m of existing debt will remain outstanding after completion ofthe recapitalisation and related financings.

Drexel Burnham, the company's financial adviser, confirmed that it continues to be highly confident that it can arrange all the financing required to complete the recapitalisation, if necessary.

The complex recapitalisation plan, designed to thwart a rumoured takeover by Mr Donald Trump, the New York real estate developer, involves the payment of a $65 per share special cash dividend to shareholders and the granting of restricted stock, so that following the recapitalisation 10 per cent of the company's shares will be held by officers and key employees as restricted shares.

The company's certificate of incorporation will be amended to limit the voting rights of a stockholder owning more than 10 per cent of the outstanding shares to one vote per share for each share up to 10 per cent of the outstanding shares and thereafter 1/100th of a vote for each share owned, but in no event to exceed 15 per cent of the total voting power.

Holiday Corporation says that it expects its common stock will continue to be listed on the New York Stock Exchange (NYSE) after the recapitalisation, assuming the Securities and Exchange Commission does not disapprove the pending NYSE proposal which will allow companies to list shares with unequal voting rights.

The company has begun mailing proxy material for the recapitalisation plan to shareholders and has set February 27 1987 as the date for the special stockholders' meeting to vote on the plan. Holiday Corporation shares rose by $1¼ in early trading yesterday.

North Broken Hill recovers strongly

BY BRUCE JACQUES IN SYDNEY

NORTH BROKEN HILL, the Melbourne-based metal mining and paper group which last year escaped takeover moves by Mr Ron Brierley's Industrial Equity (IEL), has reversed three years of declining earnings with a strong recovery in the first half to December.

As a sweetener to shareholders who held out against Mr Brierley's blandishments, North has also announced plans to float its gold development operations under the banner Norgold.

The flotation follows similar moves by other Australian mining groups such as MIM Holdings and Broken Hill Proprietary, to separate their gold interests. North will probably keep about 50 per cent of the equity in the new company.

Its major project will be the Bottle Creek discovery near Leonora in Western Australia which is scheduled to begin production early next year at an annual rate of about 35,000 oz of gold. Norgold will also have a 10 per cent stake in the promising BHP-managed Coronation Hill gold-platinum project in the Northern Territory.

On sales of A$523.68m (US$346.5m) against A$401.24m, North declared net profits of A$33.96m for the December half compared with just A$4.04m in the corresponding period of 1985.

Full-year after-tax profits had slumped from a peak A$48.6m in 1980 to A$9.4m in 1985-86, part of the reason for the IEL attack.

The key to the latest lift was a turnround in the group's struggling silver-lead-zinc mining and smelting operations based on the historic Broken Hill mines. The company's mining division turned a A$20.1m loss in to a A$28.1m pre-tax profit in the half-year.

The company's forestry and paper activities, operated through its Associated Pulp and Paper Mills subsidiary, also increased their pre-tax profit contribution, from A$16.7m to A$24.1m.

The result reflected a slight slowdown on the September quarter performance, and directors attributed this to lower metal prices and increased industrial disputes.

An extraordinary debit of A$12m was, however, charged against the latest period, compared with a 1985 credit of A$3.68m.

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1986/87 High	1986/87 Low
METALS					
Aluminium					
Free Market c.i.f.	$1290/310	+50	$1180/1200	$1400/1450	$1150/1170
Antimony					
Free Market 99.6%	$2275/575	+50	$2680/2750	$2720/2780	$2300/2350
Copper-Cash Grade A	£883.5	+8.75	£1008.5	£1028.5	£852.25
3 months Grade A	£905.5	+8.75	£1037.75	£1059.25	£881.25
Gold per oz	$404.375	+1.375	$349.625	$439.375	$327.5
Lead Cash	£293.25	+4	£261.5	£376.5	£253.5
3 months	£296.25	+5.5	£273.5	£357.5	£241.25
Nickel					
Free market	163/183c	—	177/197c	196/216c	158/177c
Palladium	$122.40	—0.35	$104.55	$151.00	$95.25
Platinum per oz	$517.50	—1	$370.00	$673.75	$342.50
Quicksilver (76 lbs)	$155/165	+5	$210/230	$250/260	$115/125
Silver per oz	362.75p	+1.45	431.90p	452.10p	317.70p
3 months per o.z.	372.45p	+1.55	444.45p	466.20p	325.50
Tin					
Free market	£4,525/540	+25	†	£5800/6250	£5,428/450
Tungsten Ind.	$43.18	—	$53.71	$69.74	$41.44
Wolfram (22.04 lb)	$37/45	—	$56/63	$56/63	$32/42
Zinc cash	£476.5	—7	£451.5	£632.5	£409
3 months	£474.5	—4	£462	£521.75	£419.25
Producers	$770/820	—	$650/700	$920	$650/670
GRAINS					
Barley Futures May	£114.80	+0.45	£116.00	£118.50	£96.60
Maize French	£143.50z	—	£141.00	£154.00	£130.00
WHEAT Futures May	£118.30	+1 40	£120.25	£121.45	£98.30
SPICES					
Cloves	$3,750	—	$4900	$5,100	$3,900
Pepper white	$5,600	—300	$6300	$6,725	$4,600
black	$4,600	—50	$4100	$4,700	$3,600
OILS					
Coconut (Philippines)	$450x	—	$345	$470	$200
Palm Malayan	$390z	+17.5	$315	$405	$197
SEEDS					
Copra (Philippines)	$290x	—10	$230	$300	$140
Soyabeans (U.S.)	$142z	—	$226.5	$229.8	$137.5
OTHER COMMODITIES					
Cocoa Futures May	£1351.5	—0.5	£1734.5	£1,804.5	£1,264.5
Coffee Futures Mar.	£1612.5	—215	£2227.5	£3,007.5	£1,547.5
Cotton Outlook A Index	65.00c	—2	54.20c	67.20c	36.35c
Gas Oil Fut. Mar.	$150.5	+0.75	$177.5	$232.75	$90.75
Jute LJA BWC grade	$320	+10	$315	$320	$215
Rubber kilo	66p	+0.5	60p	68p	54p
Sisal No. 3L	$610	—	$595	$625	$590
Sugar (Raw)	$183.5y	+8	$139.5	$222.5	$115
Tea (quality) kilo	170p	—5	185p	202p	170p
(low med) kilo	98p	—7	112p	135p	80p
Wooltops 64s Super	416p kilo	—5	425p Kilo	429p kilo	387p kilo

† Unquoted. (g) Madagascar. (x) Jan-Feb. (y) Feb-March. (z) Feb.

LONDON MARKETS

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	791-2	+5	797/782
3 months	800.5-1.5	+6.25	807/790

Official closing (am): Cash 781-2 (783-4), three months 791-1.5 (791.5-2), settlement 782 (784). Final Kerb close: 806-7. Turnover: 12,550 tonnes.

COPPER

Grade A	Unoffic'l close	+ or —	High/Low
Cash	883-4	+11.5	882/877
3 months	905-6	+11.5	907/896

Official closing (am): Cash 876.5-7 (871.5-2.5), three months 897-8 (894-4.5), settlement 877 (872.5). Final Kerb close: 905.5-6.

Standard			
Cash	862-3	+11.5	856
3 months	884-5	+11	885/877

Official closing (am): Cash 854-6 (850-1), three months 877-8 (873-6), settlement 856 (851). US Producer prices 64-67.50 cents a pound. Total Turnover: 18,950 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	293-3.5	—3	290
3 months	296-6.5	—1.25	298/294

Official closing (am): Cash 290-1 (292.5-3), three months 293.5-4.5 (297-7.5), settlement 291 (297). Final Kerb close: 294.5-5.5. Turnover: 20,475 tonnes. US Spot: 24-27 cents a pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	2360-5	+27.5	2350
3 months	2405-10	+30	2410/2380

Official closing (am): Cash 2,350-5 (2,315-20), three months 2,391-2 (2,377-8), settlement 2,355 (2,320). Final Kerb close: 2,405-10. Turnover: 554 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	476-7	+4.25	477/472
3 months	474-5	+6.5	477/468

Official closing (am): Cash 472-2.5 (470.5-1), three months 469-70 (469-70), settlement 472.5 (471). Final Kerb close: 473.5-4.5. Turnover: 9,750 tonnes. US Prime Western: 40-44.75 cents per pound.

GOLD

Gold fell $4⅝ an ounce from Thursday's close in the London bullion market yesterday to finish at $404-404¾. The metal opened at $411½-412 and briefly touched a high of $411¾-412¼ before easing due to dollar short-covering. Better than expected US trade figures boosted the dollar still further and gold fell to a low of $396-397 before recovering later in the day as the dollar eased to below its best levels.

GOLD BULLION (fine ounce) Jan. 30		
Close	$404-404¾	(£267-267¼)
Opening	$411½-412	(£267½-268)
M'n'g fix	$407.30	(£268.948)
Aft'n'n fix	$400.50	(£264.881)

GOLD AND PLATINUM COINS		
Am Eagle	$417-422	(£275¾-279¼)
Mapleleaf	$413¼-417½	(£273½-276¼)
Kr'g'r'nd	$407-410	(£269¼-271¼)
½ Krug	$205-206	(£135½-136¼)
¼ Krug	$103½-104½	(£68½-69)
Angel	$414-415	(£273¾-274½)
1/10 Angel	$41½-46½	(£27¼-30¾)
New Sov.	$97-99	(£64¼-65½)
Old Sov.	$96½-98	(£63¾-64¾)
$ 20 Eagle	$450-500	(£297¾-330¾)
Noble Plat	$540-548	(£357¼-362½)

SILVER

Silver was fixed 1.25p an ounce lower for spot delivery in the London bullion market yesterday at 362.75p. US cent equivalents of the fixing levels were: Spot 555c, down 5.7c; three-month 563.15c, down 6c; six-month 571.2c, down 5.9c; and 12-month 587.65c, down 6.6c. The metal opened at 364½-366p (561-563c) and closed at 363½-365p (550-552c).

SILVER per troy oz	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	362.25p	—1.25	364.5p	+0.5
3 months	372.45p	—1.50	374p	—
6 months	381.75p	—1.55	—	—
12 months	400.45p	—0.75	—	—

LME—Turnover: 5 (5) lots of 10,000 ounces.

Cash high/low 363p; final kerb three months 373-5p.

INDICES

REUTERS

Jan.29	Jan.28	M'th ago	Year ago
1603.7	1607.7	—	1848.3

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Jan. 29	Jan. 28	M'th ago	Year ago
Spot	116.31	116.12	—	131.00
Fut	116.17	116.79	—	130.03

(Base: December 31 1931=100)

SOYABEAN MEAL

	Y'sterd'ys close £ per tonne	+ or —	Business done
Feb	129.5-132.8	+0.85	—
April	127.8-128.0	+0.75	—
June	120.8-129.4	+1.30	—
August	118.0-118.5	+1.40	118.0
October	118.0-118.5	+1.40	118.0
Dec	120.5-121.0	+1.55	—
Feb	122.0-124.0	+1.55	—

Sales: 128 (221) lots of 20 tonnes.

COCOA

During a quiet day futures were held within a narrow range and ended the day only marginally below the previous close. Some light consumer interest was seen but producers remained withdrawn, reports Gill and Duffus.

COCOA	Yesterday's close £ per tonne	+ or —	Business done
March	1319-1321	—5.5	1325-1318
May	1351-1352	—2.0	1356-1349
July	1382-1383	—1.5	1388-1372
Sept	1411-1412	—1.0	1414-1405
Dec	1439-1440	—1.0	1442-1436
March	1465-1466	—5.5	1475-1468
May	1486-1488	—4.0	1492-1481

Sales: 2,490 (3,329) lots of 10 tonnes.

ICCO indicator prices (SDRs per tonne). Daily price for January 29: 1,532.50 (1,520.23); five-day average for January 30: 1,565.88 (1,570.73).

COFFEE

The market lost further ground in the morning as commission house selling pushed levels to the week's lows, reports Drexel Burnham Lambert. A remarkable recovery in the dollar halted the drop and encouraged trade buying. By late afternoon the market had rallied almost £60 and closed on the highs.

COFFEE	Yesterday close	+ or —	Business Done
Jan	—	—	1565-1530
Mar	1635-1615	+14.0	1620-1562
May	1635-1640	+27.0	1635-1500
July	1650-1655	+10.0	1650-1605
Sept	1670-1675	+05.0	1670-1635
Nov	1690-1900	+07.5	1765-1665
Jan	1710-1720	+05.0	1710

Sales: 4,695 (3,823) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for January 29: Comp. daily 1979 11.47 (120.45); 15-day average 117.7 (117.59).

SUGAR

LONDON DAILY PRICE—Raw sugar $183.50 (£120.00), down $10.50 (down £6.00) a tonne for February-March delivery. White sugar $204.50, down $6.30.

The market was unsettled in the afternoon by the rally of the US dollar and prices fell to the lowest level of this week, reports C. Czarnikow.

No. 6 Contract	Y'st erdy's close	Previous close	Business done
	$ per tonne		
Mar	171.8-171.8	175.8-175.2	172.8-166.0
May	174.2-174.6	176.2-176.6	175.0-169.8
Aug	176.0-177.6	177.4-178.6	177.0-175.5
Oct	178.8-178.4	179.2-179.6	179.0-125.0
Dec	180.0-182.6	181.0-185.0	—
Mar	186.0-187.0	185.4-186.4	187.0-182.6
May	188.0-191.0	188.0-181.6	—

Sales: 3,588 (3,318) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £225.00 (£231.50) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for January 29: Daily price 7.53 (7.03); 15-day average 6.73 (6.60).

GRAINS

Mnth	WHEAT Yest'rdy's close	+ or —	BARLEY Yest'rdy's close	+ or —
Mar	115.95	+0.45	113.25	+0.48
May	118.30	+0.30	114.80	+0.48
July	120.60	+0.55	—	—
Sep.	100.70	......	100.40	+0.15
Nov.	102.90	+0.10	103.15	+0.15
Jan.	105.70	+0.05	105.90	+0.15

Business done—Wheat: March 116.25-5.0, May 11.75-.25, July 120.75-20.50, Sept 100.75-0.70, Nov 103.00-2.90, Jan untraded. Sales: 732 lots of 100 tonnes. Barley: March 113.25-3.10, May 114.0, Sept 100.50, Nov and Jan untraded. Sales: 80 lots of 100 tonnes.

LONDON GRAINS—Wheat: US Dark Northern Spring No 1, 15 per cent: Feb 104.00, March 103.50, April/May 99.75. US No 2 Soft Red Winter: Feb 107.00. French 11½-12 per cent: Jan 141.75. English feed, fob: Feb 121.00, June 124.00. paid East Coast, Feb 120.50-121.00, March 121.50-122.00. buyer/sellers, April 122.00 buyer, April/June 123.00-123.50 buyer/sellers, Mar 123.00 seller. Maize: US No 3 Yellow/French transhipment East Coast: 1st-half Feb 143.50. Barley: English feed, fob: Feb 115.50-116.00 Peterhead, 116.00-116.75 English, March 16.00-116.50 buyer/seller Scottish, 118.00 seller English.

H G C A — Locational ex-farm spot prices. Feed barley: Eastern 112.80, E. Midlands 112.00, N. East 113.60. The UK monetary coefficient for the week beginning Monday February 9 (based on HGCA calculations using three days' exchange rates) is expected to change to 1.327.

POTATOES

The market opened steadier with good buying interest during the morning holding prices up to £158.00, basis April, albeit in thin volume. Weekend profit-taking uring a very quiet afternoon left the market off the highs at the close. The Dutch weekly export figure announced after the close was 31,000 tonnes, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Feb	112.50	111.30	—
Apr	156.80	155.60	158.00-156.10
May	181.90	179.40	182.50-180.00
Nov.	88.50	88.50	88.50
Feb.	98.00	97.80	—

Sales: 656 (245) lots of 40 tonnes.

FREIGHT FUTURES

	Close	High/Low	Prev.
Dry Cargo			
Jan.	864.5	—	863/865
April	770/775	787/774	788/789
July	770/775	661/652	660/666
Oct.	764	765/764	773
Jan.	776/780	786/778	788/790
Apr.	800/810	—	795/830
July	685/690	—	670/700
Oct.	760	—	780
BFI.	866.5	—	866.5

Turnover: 242 (183).

RUBBER

PHYSICALS—Closing prices (buyers): Spot 66.00p (same), March 64.00p (same); April 64.00p (same). Kuala Lumpur fob prices (Malaysian cents a kilo): RSS No 1 — (229) and SMR — (208).

FUTURES—Index 655, March 680-690, April 682-692, April/June 685-695, July/September 695-705. Sales: Nil.

US MARKETS

BETTER-THAN-EXPECTED trade figures for the US for December 1986 helped steady the dollar which in turn prompted marked sell-offs in the metals, reports Drexel Burnham Lambert. Commission house selling touched off stops in the gold, silver and platinum futures as all markets penetrated downside support areas before trade support emerged at the lows prompting local short covering to pare losses. Crude oil futures continued to trade in a narrow range in a market dominated by local activity and underlying indications of support in the long-term. Trade selling in sugar futures prompted speculative long liquidation which in turn touched off further selling before trade support emerged between 7.50c and 7.40c, basis March, and commission house buying brought prices back to the highs. Early commission house selling in coffee futures touched off stops before a combination of short-covering, price-fix buying and arbitrage buying steadied prices. The grains were mixed with wheat futures weakening as a result of continued commercial hedging, though losses were pared by short-covering. Maize futures initially fell on commission house selling but firmed to close higher on the day on local short-covering. On the soyabean complex firmer premiums pared losses on the futures markets following earlier weakness, while in the meats firmer premiums coupled with continued speculative buying steadied the markets.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Feb	53.55	—	—	53.95
March	53.55	53.80	53.10	53.95
May	53.55	53.85	53.30	53.95
July	53.55	53.75	53.75	53.90
Sept	53.55	—	—	53.95
March	54.15	—	—	54.55
May	54.25	—	—	54.65

COCOA 10 tonnes, $/tonne

	Close	High	Low	Prev
March	1820	1825	1798	1833
May	1862	1863	1840	1874
July	1891	1892	1875	1904
Sept	1917	1920	1905	1935
Dec	1952	1953	1940	1970
March	1983	1983	1970	2002
May	2001	—	—	2020

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
March	123.98	124.90	121.55	124.11
May	126.99	127.20	124.00	126.55
July	129.73	129.75	128.00	128.70
Sept	131.80	131.80	129.00	130.75
Dec	134.00	133.75	131.50	133.50
March	134.88	134.00	134.00	134.38
May	135.38	—	—	134.88

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Feb	60.10	—	—	60.90
March	60.40	60.86	60.35	61.20
May	60.95	61.40	60.90	61.70
July	61.45	61.90	61.40	62.20
Sept	61.90	62.15	62.15	62.60
March	63.30	63.45	63.45	63.95
May	63.60	—	—	64.25
July	63.90	—	—	64.35

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
March	55.18	55.70	54.30	54.30
May	54.30	54.75	53.75	53.60
July	53.87	54.30	53.40	53.25
Oct	53.40	53.75	53.15	52.95
Dec	53.10	53.70	52.90	52.75
March	54.00	54.25	53.65	53.10
May	54.35	—	—	53.77

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	High	Low	Prev
March	18.74	18.81	18.71	18.68
April	18.60	18.67	18.57	18.55
May	18.41	18.47	18.38	18.37
June	18.20	18.22	18.17	18.16
July	18.08	18.10	18.03	18.03
August	18.00	18.00	17.99	17.96
Sept	17.90	17.90	17.90	17.91
Oct	18.00	—	—	17.91
Dec	18.00	18.00	18.00	18.01

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Feb	405.1	406.0	398.0	412.6
March	406.7	403.5	398.0	414.2
April	408.9	409.5	400.0	416.6
June	412.7	413.5	404.0	420.5
August	416.5	417.5	408.0	424.3
Oct	420.1	416.0	411.5	428.0
Dec	423.8	424.2	415.0	431.7
Feb	427.7	428.5	418.0	435.6
June	435.5	425.5	425.0	443.4
Dec	449.6	—	—	—

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	High	Low	Prev
Feb	52.35	52.40	51.75	51.49
March	52.35	52.60	52.15	51.98
April	51.05	51.50	51.00	50.84
May	49.70	50.10	49.65	49.51
June	48.70	49.05	48.70	48.51
July	48.65	49.00	48.60	48.45
August	49.05	49.90	49.05	48.80
Sept	49.65	—	—	49.75

ORANGE JUICE 15,000 lb. cents/lb

	Close	High	Low	Prev
March	120.20	120.50	120.05	119.60
May	121.20	121.50	120.90	120.35
July	121.85	122.00	121.50	120.95
Sept	122.25	122.00	121.70	121.95

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Feb	525.2	—	—	531.8
April	527.7	530.5	515.0	534.3
July	531.4	532.5	520.5	538.0
April	544.4	—	—	551.0

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Feb	549.7	—	—	562.5
March	555.2	556.5	546.0	565.5
May	558.3	563.0	552.0	571.3
July	564.1	567.5	557.0	577.0
Sept	570.2	573.0	565.0	583.0
March	587.9	591.0	586.0	600.8
May	594.2	—	—	607.2
July	600.8	604.0	—	613.9

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
March	7.74	7.75	7.40	7.85
May	7.83	7.88	7.58	7.93
July	7.90	7.93	7.67	7.94
Sept	7.88	7.93	7.90	7.89
Oct	8.02	8.04	7.78	8.00

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Feb	63.57	63.80	61.85	62.22
April	62.87	62.95	61.32	61.57
June	61.02	61.17	59.70	60.00
August	58.80	58.85	57.80	57.92
Oct	57.37	57.55	56.40	56.50
Feb	57.50	57.50	57.10	57.00

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Feb	50.55	50.62	49.75	50.20
April	45.97	46.00	45.10	45.30
June	47.82	47.85	47.15	47.30
July	47.70	47.90	47.00	47.05
August	44.67	44.90	44.45	44.40
Oct	40.70	40.95	40.42	40.57
April	38.60	38.70	38.55	38.60

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	High	Low	Prev
March	157.0	157.2	155.2	156.0
May	163.0	163.4	161.6	162.2
July	168.0	168.0	166.0	167.0
Sept	171.4	171.4	170.0	170.4
Dec	176.4	176.4	174.4	175.2
March	184.0	184.0	182.0	182.6
May	186.4	186.4	184.6	185.2

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	65.10	65.20	63.25	63.25
March	64.40	64.50	62.40	62.55
May	64.45	64.70	63.15	63.22
July	63.17	63.35	61.90	62.70
August	61.70	61.90	60.20	60.60

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
March	500.2	500.6	498.4	501.2
May	498.6	499.2	498.0	499.6
July	498.4	499.0	497.0	499.2
August	496.4	497.0	495.4	497.6
Sept	486.0	487.4	486.0	487.6
Nov	483.0	484.2	482.0	484.6
Jan	489.4	490.4	489.0	490.4
March	496.0	496.0	496.0	497.6
May	499.0	—	—	500.6

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
March	144.2	145.0	142.5	143.1
May	140.0	140.5	139.2	140.2
July	138.7	139.2	138.2	139.1
August	138.3	138.8	138.0	138.8
Sept	138.0	138.5	137.5	138.3
Oct	138.0	138.5	137.3	138.0
Dec	139.0	139.0	138.3	139.0
Jan	139.5	139.5	139.0	139.5

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
March	16.71	17.00	16.65	16.93
May	17.00	17.30	16.97	17.23
July	17.28	17.55	17.26	17.52
August	17.32	17.57	17.30	17.54
Sept	17.35	17.55	17.30	17.60
Oct	17.10	17.42	17.10	17.40
Dec	17.20	17.48	17.20	17.40
Jan	17.20	17.30	17.20	17.32

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
March	288.2	289.6	286.0	290.4
May	271.2	271.4	269.0	271.0
July	253.0	253.2	251.0	252.2
Sept	251.6	251.6	250.6	251.0
Dec	258.0	258.0	257.0	257.4
March	288.2	289.6	286.0	290.4

SPOT PRICES—Chicago loose lard 14.00 (15.00) cents ver pound. Handy and Harman silver bullion 551.5 (560.5) cents per troy ounce.

OIL

In the crude oil market February Forties cargoes sold at around $18.30 while undated late February Brent fetched $18.37. The crude market was directionless and lacklustre. March WTI opened 8c up on Nymex and traded 10c up at 1.30 pm EST, having traded in the morning within a 9c range. In the petroleum products market fuel oil firmed for late February delivery. Gasoline was stronger on UK buying interest. Gas oil and naphtha firmed in line with the New York futures market—Petroleum Argus, London.

	Latest	Change + or —
CRUDE OIL—FOB ($per barrel)—Feb.		
Arab Light	—	—
Arab Heavy	—	—
Dubai	17.05-17.15*	—0.025
Brent Blend	18.30-18.40	—
W.T.I. (1pm est)	18.75-18.85*	+0.10
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	174-177	+4
Gas Oil	159-161	+1
Heavy fuel oil	98-100	+4
Naphtha	164-166	+2

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 92.62p per kg lw (—0.64). GB—Sheep 172.70p per kg est dcw (—12.68). GB—Pigs 71.06p per kg lw (—0.43).

GAS OIL FUTURES

Month	Yestrdy's close US $ per tonne	+ or —	Business Done
Feb	161.75	+3.25	162.00-58.50
Mar	160.50	+2.25	161.50-58.00
Apr	157.50	+2.75	158.00-55.25
May	152.75	+2.00	154.25-52.00
June	153.00	+2.50	155.00-52.50

Turnover: 3,412 (3,518) lots of 100 tonnes.

HEAVY FUEL OIL

Month	Yesterday close US $ per tonne	+ or —	Business Done
Feb	100.00	+4.00	100.00
Mar	100.00	+4.75	100.00-97.75
Apr	95.50	+2.50	—

Turnover: 23 (12) lots of 100 tonnes.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Clerical Medical Unit Trust Managers Ltd
Narrow Plain, Bristol BS2 0JH (0800) 373393

American Growth	26.1	27.7	+0.2	1.9
Equity High Income	48.1	50.9	—	4.1
European Growth	31.8	33.7	-0.3	2.0
General Equity	42.8	45.3	-0.1	2.4
Gilt & Fxd Int Growth	29.2	30.8	—	3.3
Gilt & Fxd Int Inc.	24.0	25.3	-0.1	9.5
International Income	26.0	27.6	-0.2	5.0
Japan Growth	35.8	37.9	+0.2	0.9
Pedigree Growth Trust	26.5	28.1	—	2.5
Special Sits	26.8	28.4	-0.2	2.0

INSURANCES

BANK RETURN

BANKING DEPARTMENT

	Wednesday January 28, 1987	Increase (+) or decrease (—) for week
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	2,745,968,233	— 1,677,269,814
Bankers Deposits	933,164,538	+ 67,525,240
Reserve and other Accounts	1,514,101,360	— 17,784,340
	5,207,787,131	— 1,627,588,914
ASSETS		
Government Securities	585,187,756	— 78,625,000
Advance and other Accounts	586,844,029	— 243,270,950
Premises Equipment & other Secs	4,023,973,374	— 1,310,744,787
Notes	11,527,812	+ 5,113,395
Coin	254,160	— 1,572
	5,207,787,131	— 1,627,528,914

ISSUE DEPARTMENT

	£	£
LIABILITIES		
Notes in Circulation	12,548,472,188	— 35,113,395
Notes in Banking Department	11,527,812	+ 5,113,395
	12,560,000,000	— 30,000,000
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	1,611,584,455	— 412,810,326
Other Securities	10,937,400,445	— 382,810,326
	12,560,000,000	— 30,000,000

EUROPEAN OPTIONS EXCHANGE

Series		Feb 87 Vol.	Feb 87 Last	May 87 Vol.	May 87 Last	Aug 87 Vol.	Aug 87 Last	Stock
GOLD C	$370	77	33	—	—	—	—	$401.50
GOLD C	$400	36	10.50A	12	22	—	—	"
GOLD C	$420	176	3	266	12.50A	15	23	"
GOLD C	$440	25	1.30	313	8	21	17	"
GOLD C	$460	—	—	16	5	—	—	"
GOLD P	$360	—	—	200	3.10	—	—	"
GOLD P	$370	—	—	52	5	—	—	"
GOLD P	$390	128	3A	—	—	—	—	"
GOLD P	$400	170	8A	—	—	—	—	"
GOLD P	$420	30	18	61	24	—	—	"
		Mar 87		June 87		Sep 87		
£/FL C	FL315	—	—	30	4.30	—	—	Fl.312.27
£/FL C	FL325	—	—	50	2A	—	—	"
£/FL P	Fl.315	—	—	28	12.80	—	—	"
		Feb 87		Mar 87		Apr 87		
$/FL C	Fl.195	—	—	22	13	—	—	Fl.206.80
$/FL C	Fl.200	42	8.70	32	9.20	11	9B	"
$/FL C	Fl.205	337	4.80A	201	5.50	12	7A	"
$/FL C	Fl.210	144	2.50A	343	3.70A	38	4.70A	"
$/FL C	Fl.215	67	1.10	158	2.30A	—	—	"
$/FL C	Fl.220	20	0.50	—	—	—	—	"
$/FL P	Fl.190	180	0.25	200	1	—	—	"
$/FL P	Fl.195	288	0.50	373	1.50	1120	2A	"
$/FL P	Fl.200	580	1.30	213	2.50	19	3.30A	"
$/FL P	Fl.205	107	3A	230	4	41	5	"
		Apr 87		Jul 87		Oct 87		
ABN C	Fl.520	369	17.20	75	25A	4	29	Fl.518
ABN P	Fl.500	175	8.50	29	17	20	24	"
AEGON C	Fl.80	106	5.50A	53	6.50	22	7.50B	Fl.82.20
AEGON P	Fl.75	127	13	5	13.80	—	—	"
AHOLD C	Fl.105	43	6.80	32	7.70	—	—	Fl.105.70
AHOLD P	Fl.100	127	2.60	3	5.40A	—	—	"
AKZO C	Fl.140	1686	5.70	343	7.50	162	9.90	Fl.136.50
AKZO P	Fl.130	1126	2.40	126	5.50	53	7	"
AMEV C	Fl.70	176	3	73	4.20	8	4.60	Fl.68.90
AMEV P	Fl.70	33	2.70	10	3.70	—	—	"
AMRO C	Fl.90	214	3.30	18	4.60B	1	6	Fl.86.80
AMRO P	Fl.85	124	3	65	4	—	—	"
ELSEVIER C	Fl.240	77	12.50	9	18	—	—	Fl.241
ELSEVIER P	Fl.240	73	9.50	20	13.50	—	—	"
GIST-BROC. C	Fl.45	147	1.20	55	1.90	12	2.80	Fl.40.40
GIST-BROC. P	Fl.40	48	2	34	3.80A	15	4.50	"
HEINEKEN C	Fl.160	213	8	23	10	—	—	Fl.165.50
HEINEKEN P	Fl.160	241	3.30A	6	7	3	9A	"
HOOGOVENS C	Fl.35	226	2	23	3.30	5	4.40	Fl.33.60
HOOGOVENS P	Fl.35	546	3	3	5.40	—	—	"
KLM C	Fl.40	120	1.70	66	2.90	7	4	Fl.37.90
KLM P	Fl.45	70	7.50	4	7.50	4	7.70	"
NAT. NED C	Fl.80	200	2	79	3	10	3.50	Fl.76.70
NAT. NED. P	Fl.75	48	2.10	47	9.30	—	—	"
PHILIPS C	Fl.45	1705	2.10A	225	3.10	127	4.50	Fl.44.20
PHILIPS P	Fl.40	153	0.50	141	1.40	38	2.20	"
ROYAL DUTCH C	Fl.220	847	3.40	142	4.70	2	5.60	Fl.214.60
ROYAL DUTCH P	Fl.210	246	3.30	108	8.30	24	9.40	"
ROBECO C	Fl.100	38	1	10	1.60B	—	—	Fl.96.70
UNILEVER C	Fl.520	236	11.50	13	21.90	—	—	Fl.504.50
UNILEVER P	Fl.500	210	9.50	24	20.50	—	—	"

TOTAL VOLUME IN CONTRACTS: For 30/1/87 37,365

A=Ask B=Bid C=Call P=Put

AUTHORISED UNIT TRUST & INSURANCES

Cannon Assurance Ltd
1 Olympic Way, Wembley HA9 0NB 01-902 8876

2nd Series Life Accumulation				
Equity	357.0	377.8	-0.9	—
High Income	305.9	232.7	-0.6	—
Property	216.6	229.2	.....	—
Managed	258.6	273.7	.....	—
Deposit	177.0	187.3	.....	—
Gilt	180.6	191.1	+0.6	—
American	260.6	275.8	.....	—
International Money	201.0	212.7	+0.3	—
Index	109.6	116.0	+0.6	—
Far East	210.9	223.2	-0.3	—
Global	103.7	109.7	-0.1	—
European	108.7	115.0	-0.1	—
Japan	116.2	123.0	-0.7	—
Residential Property	96.7	102.3	.....	—
2nd Series Pension Accumulation				
Equity	569.3	602.4	-1.0	—
High Income	364.4	385.6	-0.9	—
Property	304.2	321.9	+0.1	—
Managed	374.3	396.1	-0.2	—
Deposit	263.4	278.7	.....	—
Gilt	254.9	269.7	+0.5	—
American	410.3	434.2	.....	—
International Money	289.5	306.3	+0.8	—
Index	120.5	127.5	+0.5	—
Far East	233.2	246.8	-0.3	—
Global	106.1	112.3	-0.2	—
European	112.6	119.2	.....	—
Japan	122.1	129.2	-1.0	—
Residential Property	97.4	103.1	.....	—
Other Funds				
Equity Units		76.51	-0.12	—
Property Units		22.87	.....	—
Equity Bond/Exec	47.47	50.23	-0.08	—
Property Bond/Exec	30.90	32.70	.....	—
Balanced Bond/Exec	36.39	38.5	-0.01	—
L&E SIF 1	120.5	127.5	.....	—
L&E SIF 2	78.5	83.0	.....	—

City of Edinburgh Life Assurance
46 Charlotte Sq, Edinburgh EH2 4HQ 031-225 1655

Ivory & Sime Bond	117.0	124.0	.....	—
Risk & Reward Bond	150.0	158.0	.....	—
Murray Johnstone Fd	135.0	143.0	.....	—
Money Market Fd	110.0	116.0	.....	—
Investment Strategy Fd	98.0	104.0	.....	—
Predator Fd	95.0	100.0	.....	—
Ivory & Sime Pens Fd	119.0	125.0	.....	—
Risk & Reward Pens Fd	132.0	139.0	.....	—
Murray J'stone Pens Fd	133.0	140.0	.....	—
Money Market Pens Fd	110.0	116.0	.....	—
Inv Strategy Pens Fnd	99.0	105.0	.....	—
Predator Pen Fd	95.0	100.0	.....	—

City of Westminster Assurance
Sentry House, 500 Avebury Boulevard, Saxon Gate West, Cent. Milton Keynes MK9 2LA

Current Series				
Property Fund	120.7	127.1	.....	—
Money Fund	229.4	241.5	+0.2	—
Managed Fund	434.7	457.6	-0.2	—
Equity Fund	281.7	296.6	-0.2	—
Fixed Interest Fund	148.9	156.8	-0.3	—
Far East Fund	253.3	247.7	+1.1	—
North American Fund	169.0	177.9	-0.1	—
Natural Resources Fund	163.2	171.8	-0.5	—
Pension Managed Fund	408.7	430.3	+0.6	—
Pension Equity Fund	272.5	286.9	-0.5	—
Adventurous Mngd Fd	149.2	157.1	-0.3	—
Balanced Mngd Fd	143.7	151.3	+0.8	—
Conservative Mngd Fd	142.0	149.5	+0.6	—
European Fund	122.2	128.7	.....	—
International Fund	140.1	147.5	-0.3	—
S.U.N. Flagship Fd	141.5	149.0	+0.1	—

For other prices please telephone 0908 606101/660868

Clerical Medical/Fidelity International
Narrow Plain, Bristol BS2 0JH 0272 290566

Investment Funds				
Mixed	144.6	152.3	+0.6	—
Equity	166.4	175.2	+0.8	—
Property	112.7	118.7	.....	—
Gilt & Fixed Interest	114.5	120.6	.....	—
Indexed Securities	100.2	105.5	-0.2	—
Cash	109.7	115.5	.....	—
North American	117.6	123.8	+0.6	—
Far East	141.8	149.3	+2.1	—
International	135.4	142.6	+0.8	—
Special Situations	160.3	168.8	+1.6	—
International Income	155.1	163.3	+1.5	—
American Income	125.3	131.9	+1.5	—
European	160.6	169.1	-0.4	—
Flexible Retirement Plan				
Mixed	149.3	157.2	+0.4	—
Equity	159.1	167.5	.....	—
Property	117.3	123.5	.....	—
Gilt & Fixed Interest	121.3	127.7	.....	—
Indexed Linked	102.8	108.3	-0.1	—
Cash	118.9	125.2	+0.1	—
North American	125.9	132.6	+0.7	—
Far East	165.3	174.0	+3.2	—
International	148.0	155.8	+0.6	—
Special Situations	186.3	196.2	+2.6	—
European	188.4	198.5	-0.9	—
Executive Investment Pension Plan				
Prices on January 21. Unit dealings on Wednesday.				
Cash Fd.	144.3	151.9	+0.3	—
Mixed Fd.	208.2	219.2	+2.5	—
Fixed Int. Fd.	150.5	158.5	-0.4	—
UK Equity Fd.	250.9	264.2	+5.6	—
Property Fd.	136.6	143.8	+0.1	—
Overseas Fd.	206.7	217.6	+0.9	—
Index Linked Fd.	109.2	115.0	-0.5	—
Stock Ex. Fd.	169.0	177.9	+2.1	—
North Am Fd.	128.7	135.5	+0.3	—
Far East Fd.	167.7	176.5	+3.1	—
Special Sits Fd.	181.5	191.1	+4.9	—
Europe. Fd.	189.7	199.7	+0.4	—

Initial prices available on request.
For other prices telephone 0272 290566

Clerical Medical Managed Funds Ltd
15 St James's Sq, London SW1Y 4LQ 01-930 5474

Cash	179.0	179.0	+0.3	—
Mixed	306.3	312.4	+1.5	—
Fixed Interest	241.7	242.9	-0.4	—
UK Equity	372.7	380.2	+8.1	—
Property	157.4	164.5	+0.1	—
Overseas	325.7	335.5	+1.5	—
Index Linked	125.6	126.2	-0.4	—
Stock Exchange	176.3	179.8	+2.1	—

Prices on Jan 21. Unit dealings on Weds.

Colonial Mutual Group
24 Ludgate Hill, London EC4P 4BD 01-248 9861

CML (Unit Assurances)				
Key		159.02	.....	—
Pacemaker		195.18	.....	—
Cash	124.01	130.54	.....	—
Equity	257.46	271.01	.....	—

Devonshire Life—Contd.

Money	100.5	105.9	.....	—
Pen Managed	130.7	137.7	.....	—
Pen World Growth	101.0	106.4	-0.2	—
Pen UK Equity	142.7	150.3	+0.2	—
Pen UK Small Cos	133.5	140.6	+0.5	—
Pen European	102.4	107.9	-0.4	—
Pen Far Eastern	210.3	221.4	-0.8	—
Pen Nth American	93.2	98.2	-0.1	—
Pen Fixed Interest	109.5	115.3	-0.3	—
Pen Index Lnkd Stks	100.7	106.1	-0.1	—
Pen Money	105.2	110.9	.....	—

Eagle Star Insurance Co Ltd
Bath Road, Cheltenham GL53 7LQ 0242 221311

Secure Fund	104.3	109.8	.....	—
Blue Chip Fund	131.6	138.6	-0.6	—
Performance Fund	159.5	167.9	-0.3	—
Adventurous Fund	154.9	163.1	-0.6	—
Pension Secure	95.6	100.7	+0.1	—
Pensions Blue Chip	100.8	106.2	-0.5	—
Pensions Performance	102.4	107.8	-0.3	—
Pensions Adventurous	103.1	108.6	-0.6	—
Pensions With Profits	99.2	104.5	-0.2	—

Eagle Star Insur./Midland Assur.
1 Threadneedle St, London EC2 01-588 1212

Eagle/Mid. Units	174.3	180.7	-0.8	4.15

Equitable Life Assurance Society
4 Coleman Street, London EC2R 5AP 01-606 6611

Far Eastern	180.8	190.3	+0.2	—
Fd of Inv Tsts	149.5	157.4	.....	—
Gilt & Fixed Int	116.0	122.1	+0.3	—
High Income	164.6	173.3	-0.7	—
Int'l Growth	112.5	118.4	+0.1	—
Managed	135.8	142.9	-0.1	—
Money	109.2	114.9	.....	—
North American	124.5	131.0	+0.2	—
Pelican	153.3	161.4	-0.8	—
Property	108.8	114.5	+1.3	—
Special Sits	159.2	167.6	-0.6	—
School Fee Managed	149.0	156.8	-0.3	—
Pension Funds				
Far Eastern	207.5	218.4	+0.2	—
Fd. of Inv. Tsts.	165.1	173.8	.....	—
Gilt & Fixed Int	120.5	126.8	+0.5	—
High Income	188.2	198.1	-1.2	—
International Growth	116.7	122.8	+0.2	—
Managed	149.0	156.8	-0.3	—
Money	118.8	125.1	.....	—
North American	130.2	137.1	+0.2	—
Pelican	170.9	179.9	-1.2	—
Property	109.1	114.8	+1.6	—
Special Sit	178.8	188.2	-0.8	—

Equity & Law
Amersham Road, High Wycombe 0494 33377

UK Equities Fund	467.4	491.9	-2.3	—
Higher Inc. Fund	453.2	479.1	-1.5	—
Property Fund	265.8	279.7	.....	—
Fixed Interest Fund	235.5	247.8	-0.2	—
Index Lnkd Secs Fund	105.1	110.6	-0.3	—
Gtd. Deposit Fund	178.6	188.0	.....	—
Nth. America Fund	249.1	262.2	+0.1	—
Far East Fund	295.9	311.4	-0.3	—
Europe Fund	225.4	237.2	-1.4	—
International Fund	297.7	313.3	-0.8	—
Mixed Fund	357.4	376.2	-0.8	—
Ind. Pen. Equity (z)	579.3	609.7	+2.3	—
Ind. Pen. High Inc.(z)	134.3	141.3	+0.2	—
Ind. Pen. Fxd Int. (z)	262.2	276.0	+0.4	—
Ind. Pen.Nkd.Ix.Scs.(z)	126.5	133.1	+0.2	—
Ind. Pen. Property (z)	216.5	227.8	.....	—
Ind Pen N America (z)	107.1	112.7	+1.1	—
Ind Pen Far East (z)	162.1	170.6	+0.2	—
Ind Pen European (z)	125.6	132.2	-5.2	—
Ind. Pen. Overseas (z)	524.8	552.4	-0.6	—
Ind. Pen. Balanced (z)	384.5	404.7	+0.5	—
Ind. Pen. Cash (z)	214.6	225.8	.....	—
Ind Pen DAF Ser 2(z)	119.7	126.0	.....	—
Ind Pen DAF Ser 1(z)	229.3	241.3	.....	—

FS Assurance Limited
190 West George St, Glasgow G2 2PA. 041-332 6462

Pens Balncd Gth Fd Cp	25.8	27.4	.....	—
Pens Balncd Gth Fd Ac	26.2	27.8	.....	—
Cash Deposit Cap	23.7	25.1	.....	—
Cash Deposit Accum	23.8	25.3	.....	—

Family Assurance Society
19 New Rd, Brighton BN1 1WS 0273 724570

Family A. Managed	383.2	391.1	.....	—
Family B. Managed	233.0	237.8	.....	—
Family C. Brit.	209.4	211.7	.....	—
Family D. Fixed Int.	194.7	198.7	.....	—
Family Capital Mngd.	217.3	221.7	.....	—
Family Brit. II	126.4	128.9	.....	—
Family Growth Series 1	114.4	116.8	.....	—
Family Growth Series 2	60.8	64.0	.....	—
Fmly Concentrated Gilt	60.1	63.2	.....	—

Federation Mutual Insurance Ltd
Suffolk Hse, College Rd, Croydon 01-686 5685

Pens. Inv. Tst. Init.	1.440	1.512	.....	—
Pens. Inv. Tst. Acc.	1.625	1.707	.....	—

Framlington Life Insurance Ltd
3 London Wall Buildings, EC2M 5NQ 01-628 5181

Pensions Managed Fund	71.6	75.7	.....	—
Pensions Cash Fund	61.3	64.5	.....	—

Friends' Provident
Castle Street, Salisbury, Wilts SP1 3SH. 0722 336242

Life Funds				
Managed (Mixed)	164.2	172.9	.....	—
UK Equity	193.7	203.9	.....	—
Stewardship	178.1	187.5	.....	—
Overseas Equity	175.3	184.6	.....	—
North American	95.4	100.5	.....	—
Pacific Basin	96.8	101.9	.....	—
European	100.4	105.7	.....	—
Property	140.0	147.4	.....	—
Fixed Interest	127.3	134.0	.....	—
Index Linked	103.9	109.4	.....	—
Cash	120.1	126.5	.....	—
Pension Funds (Accum Units)				
Managed (Mixed)	180.0	189.5	.....	—
UK Equity	210.4	221.5	.....	—
Stewardship	211.2	222.4	.....	—
Overseas Equity	211.9	223.1	.....	—
North American	99.0	104.3	.....	—
Pacific Basin	97.1	102.3	.....	—
European	94.8	99.8	.....	—

INSURANCE, OVERSEAS & MONEY FUNDS

Target Life Assurance Co. Ltd.
Target House, Gatehouse Road, Aylesbury, Bucks Aylesbury (0296) 394000

[illegible]

The Perchester Group
91 Wimpole Street, London W1M 7DA 01-493 9990

Perchester Managed Funds				
Albany (z)	118.7	124.9	+0.2	—
Cornhill (z)	106.0	112.0	[illegible]	—
Irish Life (z)	110.1	116.0	[illegible]	—
Royal Heritage (z)	102.4	107.8	+0.2	—
Schroder (z)	98.7	103.8	[illegible]	—
Skandia (z)	120.2	126.5	+0.3	—
Target (z)	120.2	126.6	[illegible]	—
Trident (z)	115.4	121.6	+0.1	—
Perchester Managed Pension Funds				
Albany (z)	150.0	156.8	+0.9	—
Schroder (z)	99.1	104.3	[illegible]	—
Skandia (z)	126.2	132.8	+0.4	—
Target (z)	110.5	116.4	[illegible]	—

Managed by Perchester Securities Limited

Teachers' Assurance Company Ltd
12 Christchurch Rd, B'mouth BH1 3LW 0202 291111

Managed Fund	180.5	190.0	[illegible]	—
Gilt & Fixed Int Fd	132.9	139.9	[illegible]	—
Cash Fund	123.9	130.4	[illegible]	—

Sharp (Albert E.) & Co
12 Newhall Street, Birmingham B3 3ER 021-236 5801

Towry Law & Co
57 High St, Windsor, SL4 1LX 0753 868244

J. D. Ward & Co Ltd
55 Lincoln's Inn Fields, WC2A 3LX 01-242 2263

Transatlantic Life Assur Co Ltd
8 New Rd, Chatham, Kent Medway 812348

Yorkshire & Lancashire Investment Mgt.
2 Parsons Lane, Clitheroe, BB7 2JN 0200 28066

Trident Life Assurance Co Ltd
London Road, Gloucester 0452 500500

[illegible]

MANAGEMENT SERVICES

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

TRADITIONAL OPTIONS

3-month call rates

[illegible]

BRITISH FUNDS

1986/87 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
100⅞	97⅞	Treas 10¼pcCv '87	99	.....	—	—
99⅞	92⅞	Exch 2½pc 1987	99	.....	—	—
101¼	97½	Exch. 10½pc 1987	99	.....	10.51	10.95
100	93⅞	Funding 6½pc 85-87	99	.....	6.56	10.03
101¼	96	Treas. 10pc 1987	99¾	.....	10.03	10.71
97	90⅞	Treas 3pc 1987	97	+	3.07	8.20
104½	99⅞	Treas. 12pc 1987	101	−	11.87	10.43
99¾	92	Treas 7¾pc 1985-88‡‡	98	.....	7.90	9.87
104	96¾	Exch 10½pc '88	100	−	10.49	10.40
102⅞	95⅞	Treas 9¾pc Cv '88	99¼	−	9.82	10.32
94¼	86⅞	Transport 3pc '78-88	93⅞	+	3.20	7.86
102½	93	Treas. 9½pc '88	98	−	9.64	10.37
107	98	Treas 11½pc 1989	102½xd	.....	11.26	10.34
103½	93¼	Treas 9½pc Cnv 1989	98¼	−	9.67	10.38
92⅞	82	Treas 3pc 1989	90	−	3.34	7.90
105	95	Treas 10½pc 1989	100	.....	10.47	10.34
104	94⅞	Exch 10pc 1989	99¼	+	10.08	10.36
107	97	Exch 11pc 1989	101	.....	10.85	10.39
93	84½	Treas 5pc 1986-89	90	.....	5.52	8.97
110	94⅞	Exch 10¼pcCv '89	101¼	.....	10.15	9.81
114	103	Treas 13pc 1990‡‡	106	.....	12.18	10.29
108⅞	97⅞	Exch 11pc 1990‡‡	101 xd	.....	10.80	10.28
113⅞	101	Exch. 12½pc 1990	105	.....	11.83	10.33
89¼	79⅞	Treas. 3pc 1990	85	.....	3.52	8.21
100	89⅞	Treas 8¼pc 1987-90‡‡	95½	.....	8.63	9.82
106	93	Treas. 10pcCv 1990	98	.....	10.11	10.34
86	76½	Exch 2½pc 1990	82	−	3.05	8.09
112	99	Treas 11¾pc 1991	104½	.....	11.24	10.32
94¼	83	Funding 5¾pc '87-91‡‡	88	.....	6.51	9.16

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

LONDON SHARE SERVICE

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

INSURANCES

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

1986/87 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
285	113	♥Musto Explorations	116	......	—	—	—	
51	28	♥New Sabina Res C$1	44	+3	—	—	—	
366	200	Northgate C$1	366	+28	—	—	—	
790	513	RTZ	751	......	22.0	2.4	4.1	
£164	£115	Do. 9½pcLn '95-2000	£152½	......	Q9½%	15.5	6.2	

THIRD MARKET

1986/87 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
54	36	Catalyst Comm. 5p	53	......	—	—	—	—
55	10	Eglinton Oil Ir£0.05	46	+1	—	—	—	—
40	8	Do. Warrants	36	......	—	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. *Estimated price/earnings ratios and covers are based* on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- \# Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¢¢ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	68	......
Craig & Rose £1	£14¼	......
Finlay Pkg. 5p	58	......
Holt (Jos) 25p	850	+10
IoM Stm. £1	78	......
IRISH		
Fund 11¼% 1988	£97½	......
Nat. 9¾% 84/89	£93¾	−⅛
Fin. 13% 97/02	£108¾	−⅝
Arnotts	370	−20
CPI Hldgs	58	......
Carroll Inds.	158xd	......
Dublin Gas	18xd	......
Hall (R. & H.)	95	......
Heiton Hldgs.	32	......
Irish Ropes	155xd	+9
Unidare	370	+5

FINANCIAL TIMES

Saturday January 31 1987

Dollar soars as US trade improves

BY PHILIP STEPHENS AND JANET BUSH

THE DOLLAR soared in hectic business yesterday in response to figures showing a significant improvement in the US trade deficit and continuing hopes that the Group of Five industrial nations would meet to talk about stabilising currencies.

The dollar had already risen modestly during morning trading in Europe in response to widespread rumours that December's US trade deficit would be sharply lower than earlier forecasts suggested.

However, the market was then delivered a surprise in the form of a substantial downward revision of the record deficit already reported for November. The dollar immediately leapt from about DM 7.7900 to the day's quoted high *of DM 1.8430.*

One European monetary official said that yesterday's trade figures should take some of the pressure off G5 officials seeking to combat the volatile conditions on foreign exchanges which have accompanied the dollar's acute weakness in recent weeks.

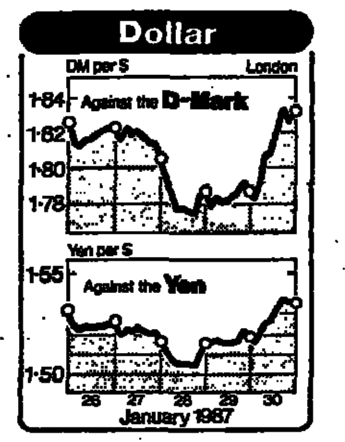
Despite the improved US figures the market still appears to pin hopes on a G5 meeting agreeing measures to stabilise currencies in the longer term. News yesterday of a record Japanese current account surplus of $9.4bn in December was a reminder of the magnitude of global imbalances still to be addressed.

There were signs yesterday that G5 finance ministers and central bankers had so far failed to agree on a basis for early talks.

Mr James Baker, US Treasury Secretary, said in congressional testimoney yesterday that there were "no present plans for such talks," though the US remained in contact with its partners in the Group.

European monetary officials say that West Germany and *Britain in particular are resisting* strong pressure from the Japanese Government to convene a meeting.

The official said that the possibility would be discussed again at a meeting in Rome next week of senior officials preparing the next World Economic Summit. They added that it remained unclear whether the Five would



find common ground.

"It looks to me as if it is a mess," one official commented.

Japan has pushed hard for a meeting, largely because it fears *that without a broader agreement* its bilateral accord with the US to stabilise the dollar-yen rate may be unsustainable.

West Germany is reluctant to risk the impact on hte foreign exchange markets of an inconclusive meeting.

The view in Bonn appears to be that until the US shows greater willingness to co-operate in stabilising the dollar the prospects for successful talks is slight.

West Germany is anxious not to be put in a position where it can be singled out as the main obstacle to such a meeting.

The West German Bundesbank moved yesterday to prevent a sharp technical rise in short-term money market rates early next week, perhaps to above 4 per cent, by withdrawing its offer for sale of three-year Treasury bills. This provoked a sharp drop in market rates.

Informal contacts between the Five have been complicated by the insistence of Italy and Canada that they should be included in any substantive discussions. Italy in particular as host to the forthcoming world economic summit has indicated that it would react strongly if excluded.

In London the dollar ended at DM 1.8320, sharply above its close on Thursday at DM 1.7870, and closed against the yen at Y153.55 after Y151.95. The pound closed at $1.5135 against *$1.5375 on Thursday.*

Money markets, Page 15

Ambassador quits as S Africa sets poll date

BY ANTHONY ROBINSON IN CAPE TOWN

WHITE SOUTH Africans will go to the polls on May 6, President P. W. Botha announced yesterday. At the same time, Mr Danis Worrall, Pretoria's Ambassador in London, resigned and is widely expected to stand as an election candidate, indicating further disenchantment in the ruling National Party's ranks with the pace of reform.

Mr Worrall, a former National Party MP and one of the architects of the 1984 tri-cameral constitution, has consistently defended the Government's reform strategy in public. But he is also a strong supporter of proposals for a multi-racial constitution for Natal province, and the prompt rejection of this idea by Mr Stoffel Botha, the Minister for Home Affairs, two months ago, appears to have *deeply disappointed him.*

Mr Worrall has not yet announced his plans. But he is widely expected to stand as an independent, possibly against Mr Stoffel Botha in Natal. In his resignation statement yesterday, the Ambassador said he believed the time had come for "bridge-builders" within all communities in South Africa to make themselves heard.

Mr Worrall was appointed as Ambassador, first to Canberra and subsequently in 1984, to London, after his concept for a geographically based federation in South Africa was rejected in favour of the ethnically based model proposed by Mr Chris Heunfs, the Minister of Constitutional Development.

Concern at the lack of progress towards power-sharing with the black majority also led to the resignation of Mr Wynand Malan, a leading National Party moderate, earlier this month. Mrs Malan is to stand as an independent. Overall, the National Party is going into the elections faced by defections from both its right and left wings.

Announcing the election date in his speech at the opening of Parliament, President Botha outlined the platform on which his party would fight the election, the first to be held under state of emergency conditions. It would stand for law and order, rejection of "foreign meddling" and confirmation of group, meaning ethnically-based, structures, as the bedrock of future constitutional changes and reform.

In stark contrast to the strongly reformist tone of his opening speech a year ago, when he rejected "the outdated concept of apartheid," Mr Botha announced no new reform initiative.

Later Mr Stoffel Van Der Merwe, Deputy Minister of Information, said the lack of new proposals did not mean that reform had stalled. Details of further constitutional changes aimed at attracting moderate blacks into the proposed National Statutory Council would be revealed during the campaign, he added.

Mr Botha reiterated the Government's refusal to negotiate with the banned African National Congress until it "severs its ties with and terminates its subservience to the South African Communist Party and abandons violence." He gave no timetable for lifting the state of emergency or restrictions on the media.

These restrictions were further tightened on Thursday night to close the loopholes briefly opened by the successful legal challenge against the ban on advertisements explaining the aims of banned organisations, brought by the two major English speaking press groups. "The Government will maintain its basic responsibility to purposely uphold law and order at all times," he said.

In a separate section devoted to the Natal Indaba proposals for a multi-racial constitution for the province Mr Botha made clear any constitutional changes must comply with the national *policy of protecting minority* rights on the basis of "group rights." That essentially means maintaining white veto powers, and amounts to a rejection of the proposals.

Election background, Page 3; Man in the News, Page 10

Milne was forced into resigning from BBC

BY RAYMOND SNODDY

MR ALASDAIR MILNE, former director general of the BBC, was offered the choice of giving his immediate resignation "for personal reasons" with compensation or being dismissed.

The confrontation took place in the office of Mr Marmaduke Hussey, BBC chairman, just after 1 pm on Thursday. Mr Milne, who had worked for the BBC for 32 years, was given a letter of resignation to sign on the spot after to "chose" to resign, and left Broadcasting House, BBC headquarters, for probably the last time.

Soon after he arrived home at Holland Park, West London, a letter formally accepting his resignation was hand delivered.

The BBC's terse, almost brutal brutal statement on the affair was issued personally by Mr Hussey.

The details of the unprecedented decision of the BBC governors to force a director general to resign began to emerge slowly yesterday as senior management tried to get over the shock and preparations began to choose a successor.

Advertisements for the post of director general will begin appearing in Sunday newspapers tomorrow. *The intention* is to move very quickly to make an appointment. The governors hope an appointment can be made before they and the management board meet for a country weekend conference on February 27-28.

The BBC's annual report for 1985-86 shows the director general's salary was between £70,000 and £75,000.

The main internal candidates being suggested for the job are Mr Michael Checkland, deputy director general, Mr Brian Wenham, managing director radio, Mr Bill Cotton, managing director television and Mr John Tusa, managaging director of BBC External Services.

The main external candidates are seen as Mr Jeremy Isaacs, chief executive of Channel 4, (although it is now looking increasingly unlikely he will get the job), Mr Brian Tesler, London *Weekend Television chairman* and Mr Harold Evans The Times former editor, who was a past candidate. The name of Mr Andrew Knight, chief executive of the Daily Telegraph and former editor of The Economist, is *also being mentioned* in the BBC.

There was a growing belief last night that Mr Hussey and Lord Barnett, his deputy chairman, had been planning the removal of Mr Milne for some weeks. Such a move would have required the full support of the governors but the decision was kept a tightly guarded secret. Neither Mr Milne nor any member of the BBC management board expected the forced resignation.

At the beginning of this week Miss Patricia Hodgson, BBC secretary, who reports to the governors rather than management, was instructed by Mr Hussey to detail the constitutional rights and duties of the governors on the removal of a director general from office.

Sir William Rees-Mogg, a former vice-chairman of the BBC governors, yesterday *advocated the splitting of the* director general's job into two—a chief executive responsible for administration and an editor-in-chief in charge of programmes: It was an impossible job for any one man, he said.

Both BBC executives and governors were emphasising yesterday that the corporation was advertising for a director general, and there seems to be no plans to split the role.

Ivor Owen writes: Ministers refused to be drawn in the Commons yesterday into making a statement on the sudden departure of Mr Milne.

Mr Gerald Kaufman, shadow Home Secretary, said the fact that Mr Milne had immediately relinquished his duties gave added weight to suggestions he had been dismissed and did not resign.

During a tour of marginal seats in the Glasgow area, Mr Neil Kinnock, Labour Leader, warned yesterday that the Government would try to influence the BBC governors in choosing a successor to Mr Milne. In making the choice, he said, the governors would face a test of their integrity and tenacity.

BBC: the Milne years, Page 10

Exploratory BT talks open way for meeting at weekend

By Charles Leadbeater, Labour Staff

NEGOTIATIONS aimed at ending the strike by 110,000 telephone engineers are expected to continue over the weekend, after British Telecom and the National Communications Union held exploratory talks yesterday afternoon.

The two sides were attempting to draw up an agenda for detailed discussions covering pay, productivity measures, and a formula to allow staff to return to normal work.

For the first time the union team included the engineers' pay negotiating committee, which indicates that the two sides are prepared for substantive negotiations.

The talks followed a meeting of the engineering group executive, which heard a detailed report of the progress made in informal meetings over the past few days.

The executive will meet today to review whether further progress has been made.

The executive insisted it wants pay and measures to raise productivity to be discussed separately. While BT maintains that an agreement will have to embrace pay and productivity, senior managers believe the union's demand should not prevent settlement.

Union leaders feel BT will ease its stipulation that a formal offer can only be made once the strike is called off.

The stoppage began on Monday, after engineers were suspended for taking part in an overtime ban aimed at an improved pay offer without links to productivity.

Members of the 30,000-strong NCU clerical group returned to work yesterday after their three-day strike. Their negotiators will meet BT on Monday.

Their return to work was *described by one union official* as a shambles, after staff in some areas walked out in support of colleagues sent home for refusing to give assurances that they would work normally.

Union leaders said most local disputes had been sorted out by the end of the day.

The clerical staff will continue the overtime ban and work to rule they began more than two weeks ago.

While the NCU maintains serious faults have accumulated on the network, the Office of Tele*communications, the industry's* regulatory body, which is receiving daily reports from BT on the quality of service, said evidence from the first week of the strike suggested the network could "hold its own" for a number of months.

Continued from Page 1

Russia

emigration to close relatives of people already living abroad.

Mr Zivs said that the cases now under review included those of people who would not have benefitted from that legislation.

An exception to those regulations was being made. "I am saying to you that this process is going to continue and all *those who do not have any* limitations or restrictions from the past in any classified work are going to be able to leave."

Israel confirmed yesterday that Mr Meir Rosenne, its ambassador to the US, met Mr Yuri Dubinin, his Soviet counterpart, two weeks ago for secret talks which Israel Radio says were about Jewish emigration.

Some 267,000 Soviet Jews have emigrated since 1968, but since the collapse of detente with the US the number of emigrants has dropped from 51,000 in 1979 to about 1,000 last year.

Continued from Page 1

US trade

dropped to 3.9bn from $4.9bn *in November.*

For 1986 as a whole, the US had a $58.6bn trade deficit with Japan, $32.7bn with Western Europe, $23.2bn with Canada, $15.7bn with Taiwan, $10.7bn with the Organisation of Petroleum Exporting Countries, $7.1bn with Korea, $6.4bn *with* Hong Kong, and shortfalls with Mexico, Brazil, China, Singapore, South Africa, India and Thailand.

Continued from Page 1

Takeovers

and so were working in connect in Distillers at above the level of the cash offer by Guinness for Distillers, that would have had significant code consequences for the Guinness offer."

THE LEX COLUMN

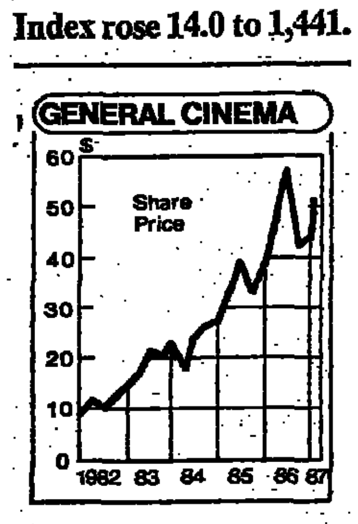
All will be revealed

The banging of stable doors in the wake of the Guinness affair is becoming quite deafening. The takeover panel insists *that it was planning changes to* its rules on disclosure before the inspectors called on Guinness, but that will not deflect its critics. Many of the changes announced yesterday are certainly *ad hominem:* the demand for disclosure of inducements to refrain from dealing in *securities clearly refers to the* Morgan Grenfell/Henry Ansbacher arrangement.

Even if inducements are revealed it will still be possible for such arrangements, in sufficient size, to swing a bid. The panel should give some thought to barring even non-financial inducements—such as a promise of a contract with the target company if the bidder is successful—as amounting to preferential terms not available to all sellers.

The erstwhile directors and advisers of Guinness appear to have committed sins not just against the law, but also the takeover code as it already stood at the time of the Distillers battle. So the main point is not whether the new rules are a great step forward but whether the whole body of the code is observed conscientiously by all practitioners, and not just when it is in fashion to be prim.

Index rose 14.0 to 1,441.



Cadbury Schweppes

Cadbury Schweppes has its own particular reason for wanting the rules on the disclosure of share stakes to be tightened up. *After its initially bland* reaction it has now taken umbrage at General Cinema's snatch of more than 8 per cent of its equity. Perhaps Cadbury should take a look at its own surveillance methods, which did not establish soon enough exactly what was happening to the share register. It is possible for a skilful buyer to pick up a sizeable number of shares in a company within the five days required to report the gaining of the first 5 per cent. However, since this has occurred without an actual offer being made it is to the Department of Trade and not the Takeover Panel that Cadbury should grumble if it wants the rules changed.

Cadbury, having spent a couple of days studying General Cinema's track record, has found out that its new shareholder is accomplished at pushing companies into play, either to extract certain core businesses for itself or, in the case of Heublein, to act as a stalking-horse for a bidder. So Cadbury has interpreted Cinema's request for a "friendly and constructive relationship" as "*nice little* company you have here; pity if anything were to happen to it."

Cadbury is drawing the right lesson from the Pilkington defence against BTR, so it has no plans to organise a mass march on parliament by the burghers of Bournville. It can fight off General Cinema only by persuading the City that future earnings growth will be too good to miss out on.

Small companies

The UK stockmarket's fashion for preferring the shares of small companies has its ups and downs. The argument does not always hold good, although over a long period smaller stocks have risen substantially more than the total market. In 1986, according to Wood Mackenzie research, small companies had a cracking year. The top 50 stocks in the All-Share index, by market capitalisation, rose by 19 per cent while the bottom 330-odd gained 31½ per cent.

Part of the explanation is that some of the biggest stocks had been miserable performers—like British Telecom. Further, smaller stocks had a greater weighting in sectors which did well. However, even excluding the effect of these differences there was still a significant divergence between the larger and smaller capitalisation stocks.

The most compelling argument for buying smaller companies' shares is that they find it easier to grow than large ones—ask GEC. According to Wood Mackenzie earnings growth in the industrial group averaging 11 per cent was made up of a 7 per cent rise in larger companies' earnings and a 21 per cent gain by the smaller ones. That does not always happen. For example, larger companies are more affected by exchange rates, while small companies are likely to be less able to withstand a recession. The takeover surge also contributed to small company outperformance. Not only are minnows likelier bid targets but the larger companies, by making the bids, depressed their own share prices and earnings by issuing paper.

Perhaps the real answer lies in the different shares' marketability. Investors keen to put money into a market will go for larger, more liquid shares first, and when the market falls those stocks are easier to dump. Last year's small company outperformance was concentrated in the second quarter when the market had peaked and it was the major companies that led the rally in August. Thus the relative showings of large and small stocks ought to indicate investor confidence — and *lately the FT 30 index has been* doing better than the All Share.

Rockware

Yesterday's Rockware issue must take some sort of prize for combining the maximum number of improbabilities. For a start, it would have been impossible until very recently to make a one-for-one issue in the London market at a discount of less than 20 per cent to the overnight price; without the modern method of placing-plus-clawback there is no way that Rockware could conceivably have got its hands on £25m of equity. It is also pretty remarkable that Rockware has got itself into a fit enough state to extract money from institutions in return for straight ordinary shares; the accumulated bottom line losses since 1981 total nearly £27m. Most remarkable of all, the share price responded to the placing by jumping from 61p to 69p. But then, eliminating £25m of debt would transform the pre-tax profits of a company that made £2m in 1986, and the availability of tax losses makes most *of the savings drop* straight through to earnings.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Avon Rubber	435	+ 22
BPB Inds.	583	+ 12
Beecham	486	+ 11
Body Shop	895	+ 60
DRG	348	+ 10
GKN	315	+ 17
Glaxo	£12¾	+ 7/16
Gleeson (M. J.)	395	+ 7
Grand Met.	475	+ 10
Greene King	311	+ 12
LASMO	183	+ 11
London Intl.	285	+ 20
Lucas Inds.	530	+ 12
Meyer Intl.	320	+ 8
Moorgate Group	125	+ 15
NMC Invs.	188	+ 13
Rothmans	187	+ 5
Vaux	567	+ 68
Wholesale Fittings	340	+ 15
FALLS		
Allied Textile	332	− 13
Brint Invs.	273	− 13
Goodhead Print	193	− 15
Plastic Construction	74	− 8
United News.	478	− 10

WORLDWIDE WEATHER

UK today: Sunny, becoming warmer after frosty start. Rain in W. Outlook: Milder with some rain.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	14	57	Dallas†	—	—	—	Madeira	F	20	68	Perth	S	27	81
Algiers	C	16	61	Dublin	S	4	39	Madrid	F	10	50	Prague	S	−11	12
Amsdm.	S	−5	23	Dbrvnk.	—	—	—	Majorca	F	13	55	Rykjvk.	C	5	41
Athens	F	17	63	Ednbgh.	C	2	36	Malaga	F	15	59	Rhodes	R	17	63
Bahrain	S	19	66	Faro	F	17	63	Malta	S	19	66	Rio J'o†	—	—	—
Barcina.	R	10	50	Florence	S	4	39	M'chstr	S	1	34	Rome	Dr	8	46
Belfast	S	4	39	Frankft.	S	−8	18	Melbne.	S	24	75	Salzbrg.	S	−7	19
Belgrd.	—	—	—	Geneva	F	−3	27	Mx. C.†	—	—	—	S'cisco†	R	9	48
Berlin	S	−10	14	Gibrltr.	R	14	57	Miami†	F	12	54	Seoul	S	−3	27
Biarritz	—	—	—	Gl'sg'w	C	2	36	Milan	S	1	34	Singapr.	F	29	84
Bmghm.	S	0	32	G'rnsey	S	3	37	Montrl.†	F	−11	12	S'dago†	—	—	—
Blackpl.	S	1	34	Hlsnki	Sn	−11	12	Moscow	S	−19	−2	Stckhm.	Sn	−7	19
Bombay	S	30	86	H. Kong	F	22	72	Munich	S	−8	18	Strasbg.	S	−6	21
Bordx.	S	6	43	Innsbrk.	S	−5	23	Nairobi	F	26	79	Sydney	S	26	79
Boulgn.	—	—	—	Invrnss.	C	4	39	Naples	C	7	45	Tangier	C	16	61
Bristol	S	1	34	I.o. Man	S	4	39	Nassau	—	—	—	Tel Aviv	C	20	68
Brussels	S	−4	25	Istanbul	R	4	39	Nwcstl.	S	2	36	Tenerife	F	23	73
Budpst.	S	−6	21	Jersey	S	1	34	N Delhi	S	20	68	Tokyo	S	16	61
Cairo	S	26	79	Jo'burg	S	29	84	N York†	Sn	−1	30	T'r'nto†	Sn	−1	30
Cardiff	S	−1	30	L. Plms.	C	21	70	Nice	S	12	54	Tunis	F	16	61
Cape T.	—	—	—	Lisbon	F	14	57	Nicosia	S	19	66	Valencia	F	11	52
Chicg.†	Sn	1	34	Locarno	Sn	2	36	Oporto	C	14	57	Venice	S	0	32
Cologne	S	−7	19	London	S	2	36	Oslo	F	−7	19	Vienna	S	−9	16
Conhgn.	Sn	−6	21	L. Ang.†	C	11	52	Paris	S	−1	30	Warsaw	C	−15	5
Corfu	F	17	63	Luxmbg.	C	−7	19	Peking	S	1	34	Zurich	S	−6	21

C—Cloudy. Dr—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder. † Noon GMT temperatures.

Yuppies Continued from Page 1

Both pigs landing on all fours is a double trotter earning 20 points.

Other positions, earning gradually higher scores, are known as razorbacks, snouters, and leaning jowlers. A leaning jowler, in particular, is when the pig lands on its jowl supported by an ear and one foretrotter.

"Throwing a double leaning jowler is the equivalent in City terms of a free order for 1m Beecham," explains Mr Robertson.

If both pigs come to rest lying on their opposite sides —or pig out—this wipes out any score made in the round. Both pigs touching in any position is called makin' bacon and all the points earned in the game are lost.

If one pig lands on top of another—a piggy back—the rules say that "as this is an unusual position for pigs, player is out of the game."

Why has the game suddenly become so popular? Mr Welman suggests: "There is clearly a 'yuppiesque' element in the game which appeals to City types.

"It has all the essentials of a good adult game—such as being relatively simple and straightforward and with the potential for playing either a few minutes or for a few hours."

Adult board games have been one of the surprising success stories of the toy *trade in the past few years,* sparked off by the popularity of Trivial Pursuit, produced by Kenner Parker and launched in the UK in 1983.

Figures from the Euromonitor market research company show that spending on all board games reached £113m in the UK in 1985, up by £20m on the previous year.

Mr Welman says: "I think Trivial Pursuit reawakened the adult public's interest in board games." Milton Bradley scored its own winner last year with Scruples—game based on testing your honesty —which sold almost 500,000 sets.

"We put a lot of promotion effort behind Scruples after it took off," says Mr Welman. "Pass the Pigs has had no promotional support at all."

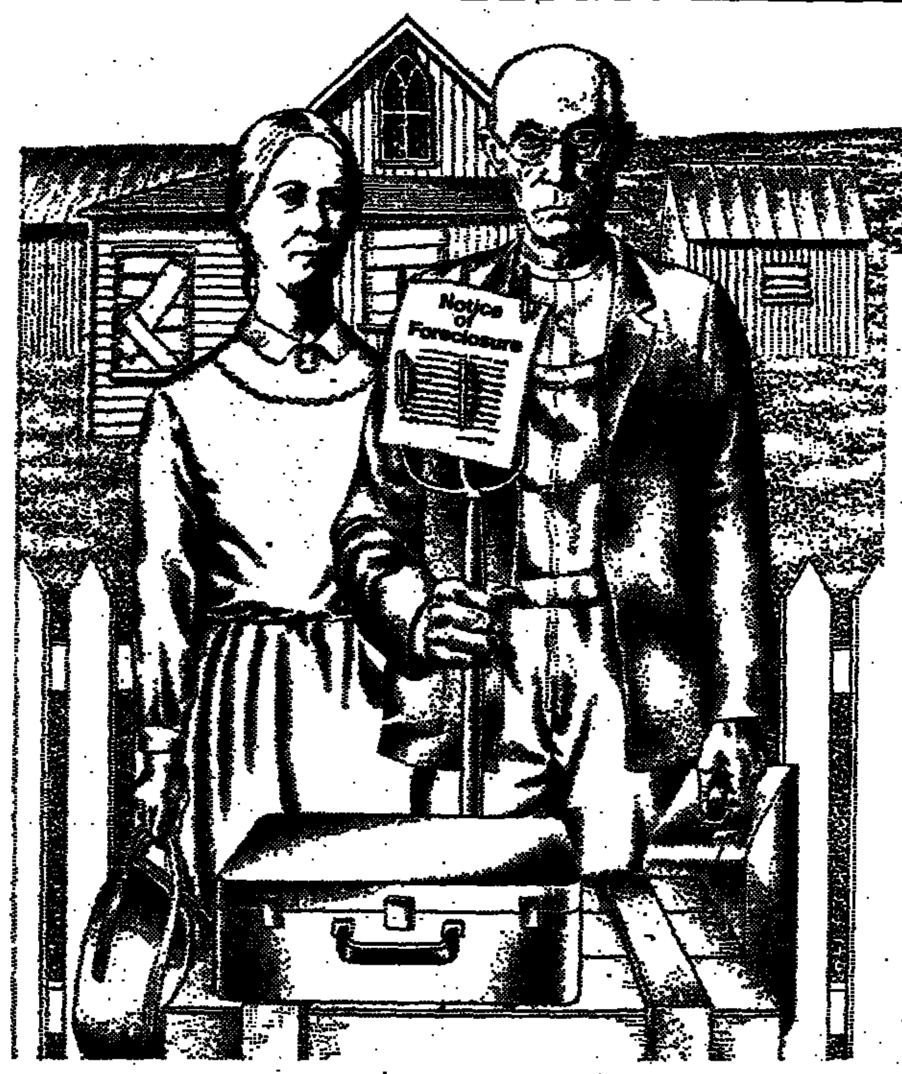
Since the sudden popularity of the game, however, Milton Bradley's West German manufacturing plant has been working overtime to provide new supplies which are promised to reach the UK "some time in February."

Registered at the Post Office. Printed by St. Clements Press for and published by the Financial Times Ltd. Bracken House, Cannon Street, London EC4P 4BY.

WEEKEND FT

Saturday January 31 1987

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •



Michael Kilraine

Large debts and low commodity prices are leaving smallholders in America's Mid-West increasingly vulnerable to foreclosure and bankruptcy. **David Owen** reports

Go broke, young man

YOUNG *KEITH FRIEDMAN* (aged 8) could see the writing on the wall recently when he packed his bags and announced to his astonished parents that he intended to run away *from the family* farm and buy a computer. "You have to work too hard on the farm," he complained, "and you do not get paid." Now that the Iowa maize harvest is gathered, and the harsh Midwest winter has well and truly set in an increasing *number of American farmers* will *probably* be thinking along similar lines.

Keith's parents, who farm 270 acres of maize and alfalfa in Luxembourg, Iowa, may well be among them. They *are all heavily in debt* and under constant pressure from the Federal Deposit Insurance Corporation, which recently took over their local banks, to maximise return. "We will always be on the verge *of* bankruptcy," said Carol, who like husband Stan, is a university graduate. The Friedmans postulate that those with collateral are under more pressure from the FDIC (the Government's bailiffs) than they are. "With people like us they are better off having money dribbling in than liquidating us," Stan says with undis*guised irony*. *But the strain of knowing* that their destiny is now in the hands of anonymous *bailiffs* shows through in Stan's barely contained anger, and Carol's fidgets.

Like many hard-up farmers, Stan Friedman traces the problem back to the mammoth *Soviet grain purchase* of 1973 and the subsequent bull market. This raised substantially every US farmer's paper value, encouraging bankers to be overgenerous with loans. *Stan recalls that in the* 1970s, *friends* would visit the bank to borrow money to repair machinery — and as often as not they would emerge with enough to buy a new machine. With the value of collateral now sliding ever lower in step with the price of grain, those *hefty loans have come back to haunt* American farmers from California to North Carolina.

The level of skill used in cultivating crops is immaterial. In 1977, Jim and Linda Markham of Holy Cross were voted the most promising young farmers in Iowa. *Today they are on food stamps.* The worst moment of their lives came in 1984 when they heard the story of their own foreclosure broadcast on the car radio. "At that moment," remembers Linda, *a purposeful woman in her mid* 30s, "we thought very seriously about driving under the next articulated lorry."

Linda apologises for the state of the uncluttered living room and says that she does not much feel like maintaining the house because *she* is unsure if it still belongs to them. Meanwhile, a state-of-the-art pigsty *gathers weeds and* dust across the yard and an equipment shed is full of the neighbour's machinery. The Markams are able to hang onto these now rather superfluous assets, *thanks to a law suit they have* filed against the bank, claiming dual responsibility. "If we lose we will have to file for bankruptcy," Linda says. "That costs between $1,000 and $25,000. Some farmers cannot even afford to do that."

The *Markhams claim to feel no per*sonal animosity towards local bankers. Like the "owner men" in John Steinbeck's "The Grapes of Wrath" they are, she says, just following orders. Some troubled farmers, like Nebraskan Arthur Kirk, have reacted less charitably. *On October 23, 1984,* Kirk was killed on his farm in a shoot-out with state police. Earlier in the day he had threatened at gunpoint several deputy sheriffs, who had come to serve papers claiming the property for a local bank. An anti-defamation league report *covering the incident spoke of a taped* telephone conversation between Kirk and police shortly *before his death. In* it, Kirk blamed his financial problems on the "goddam Jews." That summer he had filed a law suit to get the bank loan nullified; the suit was dismissed without a hearing.

The plight of the US farmer is no *longer exactly news. Encouraged to* expand in the inflationary 1970s and early 1980s, farmers have since been caught in a cleft stick — tumbling commodity prices, and land values on the one hand and increasingly onerous debt servicing requirements on the *other. The result has been carnage.* Thousands of farmers have already gone out of business, while about one-in-ten of the 2.3m or so operations remaining are believed to be in serious or terminal financial difficulty.

Not that the drift away from the land is a recent phenomenon. *Just* 2.2 per cent of the overall US population now lives on farms, a reduction from 2.7 per cent in 1980 and just under 25 per cent in 1935. Over the same period, the number of operating farms has dropped by *approximately two-thirds* from 6.8m. But the trend is accelerating; the 44,000 decline in the number of farm operations between 1984 and 1985 was the largest single year drop *in farm numbers in a decade.* Even these bold statistics tell only part of the story because the debt load is far from evenly spread. Over 60 per cent of the country's colossal $210bn aggregate farm debt (about the same size as the respective foreign debt of Brazil *and Mexico combined) is owed by just* 19 per cent of US farmers.

‘With people like us they are better off *having money dribbling in* than liquidating us’

In the current climate, anyone with a high debt asset ratio is in serious trouble but for one reason or another, the chips are stacked particularly high against America's small- to medium-sized commercial farmer. At one extreme, the country's 1.5m strong army of part-time farmers — described by Dr Bob Jolly of Iowa State University as "basically rural residents with some *farm income*" — *are sheltered from the* crisis by their mainly off-farm earnings *and low debt loads. At the other is a* formidable battery of factors, which has traditionally militated in favour of size in the purely commercial farming sector.

Government deficiency payments are tied to output levels, with the result that the *highest subsidies are paid to* the largest producers, regardless of *whether they happen to be the biggest* debtors. Direct farm payments totalled $3.3bn in *1984* but as much as $2.1bn went to farmers with a debt asset ratio of less than 40 per cent — not normally considered a critical level. Some tax legislation, such as committing the *accelerated depreciation of poultry*, dairy and livestock buildings, is also widely interpreted as favouring larger producers.

In fact, failing a fundamental change in US farm policy, which is currently pledged to eliminate subsidies and make domestic produce competitive on world markets, it is easier to foresee a future for part-time small-holdings and ultra-*efficient megafarms — often corporate* owned — with little in between. Many of these small commercial farmers, who steered clear of debts and are therefore comparatively prosperous, are said to be older men whose judgment was tempered by memories of the great *depression.*

A straw poll of some of the farmers in the Holy Cross area gives an indication of the speed of the exodus. One is heading off to run a convenience store in nearby Manchester. Another recently rented out his farm. He is *said to be up to his eyes in debt.* Two more have announced their intention to retire while still another sold up in 1974 but still lives in his farm house. Another shows every inten*tion of continuing to farm.* He *had* contemplated selling out about four years ago, but decided that *$2,000-$3,000* an acre was not enough. The average value of Iowa farmland today is $... an acre). He is 75 years-old. Most believe that the exodus would be *faster but for the lack of realistic* alternatives. True, the newspapers are full of tales relating plucky attempts to *diversify into, say, wild flower seeds* in Texas, alfalfa in Minnesota and Colorado, and even breakfast cereal in Nebraska. But as one wizened maize grower observed: "Diversification is a risk. With new crops, at first you tend to make a lot of mistakes. Right now, *the economic environment exists* in which to make them." The prospects for those entering the farm service sector —trying their hand at fruit packing in California or farm sitting (the derivation *is from baby sitting) in Fabius*, New York — do not look much brighter.

‘Diversification is a risk. With new crops at first you tend to make a lot of mistakes’

But against this grim backdrop, something of a ground-swell is developing. This is attempting to help smaller, full-*time farmers fight back against the* factors driving them out of business. The unlikely ring-leaders in much of eastern Iowa are a terrifying spry, 63-year-old Roman Catholic priest, who gave up smoking after three heart attacks and a coronary by-pass opera*tion, and a redoubtable lady attorney* turned retailer, whose esoteric, pigeon-infested dress shop is usually closed, due to her other activities. The crux of their mission, under the aegis of the Catholic-run Life Council, is to encourage, often ferociously, proud and *independent farmers to work together* in a joint effort to overcome their common problems. Slowly but surely, similar initiatives under a wide range of labels are springing up throughout rural America. Their support for struggling farmers extends far beyond *cold tea and sympathy, coping with the* sense and shame and bewilderment associated with the threat of bankruptcy. Working out of a cramped Dubuque office about the size of an average Beverly Hills *wardrobe, farmer Norm* White (the priest) criss-crosses the state *visiting the worst hit farmers* and encouraging them to lobby politicians for favourable changes in the tax code; the imposition of production ceilings and the diversion of a higher proportion *of government aid to small farms.*

He is motivated both by pity and the *deep felt belief that bigger is not* necessarily better, than the consolidation of US farm land into fewer hands and larger units is not as inevitable and still less desirable than the transition from corner shop to hypermarket or coracle to factory trawler. Quite apart from the hardship of the over borrowed farmers, he *argues it is also against* long-term consumer interest. "Government policies that favour *big operations* and cause more and more medium-sized farmers to go down the tube will eventually result in a few huge c... glomerates owning most of the land and controlling the food supply," he warns. Phyllis Hughes (the attorney) devotes most of her time, meanwhile, to counselling farmers on the compli*cated legal issues confronting them.* While favouring a conciliatory approach, she is adamant that banks should be made to assume what she regards as their share of the blame for the over borrowed farmers' predicament.

Also preaching interfarmer co-operation is one of several US agricultural pressure groups, the National Farmers Organisation, a Johnny-come-lately body, *which acquired prominence during* a slump in hog prices in the 1950s. The NFO is believed to be gaining members despite lacking the clout of the more conservative Farm Bureau. The group's central thesis, as Iowa state president Richard Steffen explains, is that farmers *can exert a degree of control over their* own destiny by using collective bargaining to influence prices. "We are convinced that if we control 20 per cent of the output of a given commodity *we could set the price,*" Steffan *con*tends, reeling off a list of past successes, such as the *milk* processor who called to place a big order, complaining that he could not find the "so-called national surplus." Can this increasingly well organised grass roots support for the *smaller farmer halt or reverse American* agriculture's trend towards ever bigger, *low labour intensive agribusinesses?* Sadly, probably not, without a fundamental U-turn in federal government agricultural policy. Those of us who persist in the old-fashioned notion that *cows belong in fields and not in con*crete feed lots should wish them luck and a fair wind. The harsh fact is that if domestic farms are going to compete with low-cost foreign producer[s] without the benefit of subsidies — a[s] the Reagan Administration's pledge t[o] *get the government out of agricultur[e]* certainly implies — it can only b[e] on high volume, low labour intensive ba[sis]

The Long View

The laws of market astronomy

Last week's events on Wall Street were an example of financial Star Wars, when computer fights computer in a zero-sum game. Anthony Harris explains how to avoid the cross-fire

LET ME start with a statistic to illustrate the meaning of the word "astronomical" in a market context. *On an ordinary* trading day, the turnover booked through the New York *Federal* Reserve Bank totals one trillion dollars. To scale it down a little, this works out at $2bn a minute, or $30m a second.

These figures do not, *of* course, measure the sort of transactions which occur in a normal business — buying goods or securities, paying salaries, or borrowing money for these purposes.

They mainly reflect hedging operations of various kinds, in which banks seek to reduce their exposure to risks in the exchange markets, from rising or falling *interest rates, or from* movements in the securities *markets.*

Much of the business is done through the financial futures markets — the biggest are in Chicago — where turnover is now a *good deal bigger* than in the stock, bond and bill markets themselves.

London is still lagging a long way behind New York. A American fund manager who is happy with his choice of stocks, but thinks that the market itself may be peaking, covers his position by selling stock index futures rather than selling actual securities. British fund managers still consider the futures markets as *somehow* too raffish.

So much for the mechanics; you should by now have a picture of huge sums churning around through various markets in an effort to escape exposure to risk. But *now try* thinking about the inner meaning of all this activity. *Immediately* you are in less familiar territory. You may well have read a good deal of junk mail by now explaining the wonders of risk avoidance. What you will not have read is even so much as a footnote explaining that in aggregate, these strategies simply cannot work.

Imagine, for simplicity, a world in which there are no *futures markets, and stocks are* traded only by computers. Each has been programmed by an expert chartist to catch market turning points: after a strong rise, all the computers will be triggered off (at different times, depending on the details of the formula) to sell.

However, they can only sell to other computers, which are also watching the market, so their attempts will immediately trigger off a chain of "sell" orders until prices fall far *enough to reverse the process.*

At the end of the day there will be *some winners and some* losers; but since the computers between them own all the stocks, the losses and the gains will exactly cancel out. There will only be a profit to the system as a whole if all this activity *tends to raise the general level* of prices.

The real world is a great deal more complicated than this, and the theory which would explain *the influence of activity on* prices is not only complicated but contentious; but fortunately we can look at evidence rather than theory for the answers.

First we had a series of "witching hours" in which Wall Street was convulsed by computers programmed to exploit *gaps between the price of stock* index futures and the actual *level* of the market. Then, a week ago yesterday, we had convulsions which were probably triggered off by computers responding to the record rise in the market.

In each case the result was *the same. Price movements on* the day were very large; but the trend of prices over a longer period — as little as a day or two each side of the incident—was hardly affected at all.

Computer trading seems to make the short-term volatility of the market — the movements from one minute to the next — unprecedentedly large on days *when the computers take* charge; but the long-term volatility *is probably rather less.*

This seems to be because the computers *collectively* act as an alarm system for human investors. They examine the turmoil, and decide if a rise or a fall really has been overdone.

Why the burbulence if the trend remains unchanged? Is this a sign that the computers are stupid after all? Not really. *There are in fact two separate* mechanisms at work here. The *first represents what we might* call the Newtonian law of hedging, which states that every effort to avoid a risk results in an equal and opposite increase in the risk you are trying to avoid.

When banks tried to avoid interest rate exposures through floating rate contracts, interest rates became more volatile: *when computers try to antici*pate market peaks, prices become more volatile.

The *return to* trend, however, shows that in the stock market we are concerned with an indivisible risk, dealers and computers are only concerned with price levels. Where risk can be packaged, life can get more complicated. In the foreign exchange markets, for example, *differential interest* rates are supposed to compensate holders of weak currencies and penalise those who retreat to strong ones.

It is possible here to swap exchange risk for interest rate *risk*; the result of hedging here seems to have been to destabilise *currencies, but to stabilise in*terest rates.

In both the stock market and the currency market we can draw the same conclusion: hedging operations do not affect the total risk in the system one way or the other. However, while the stock market behaves on the whole as if the hedgers were not there at all, the currency market *has decreed* that bond investors now face less risk than they once *did as regards bond* prices, but more on currency prices.

The whole of this column by now looks like a tale told by an electronic idiot, signifying nothing; and that is indeed the right conclusion for the small investor to draw about the occasional brainstorms brought on by electronic trading.

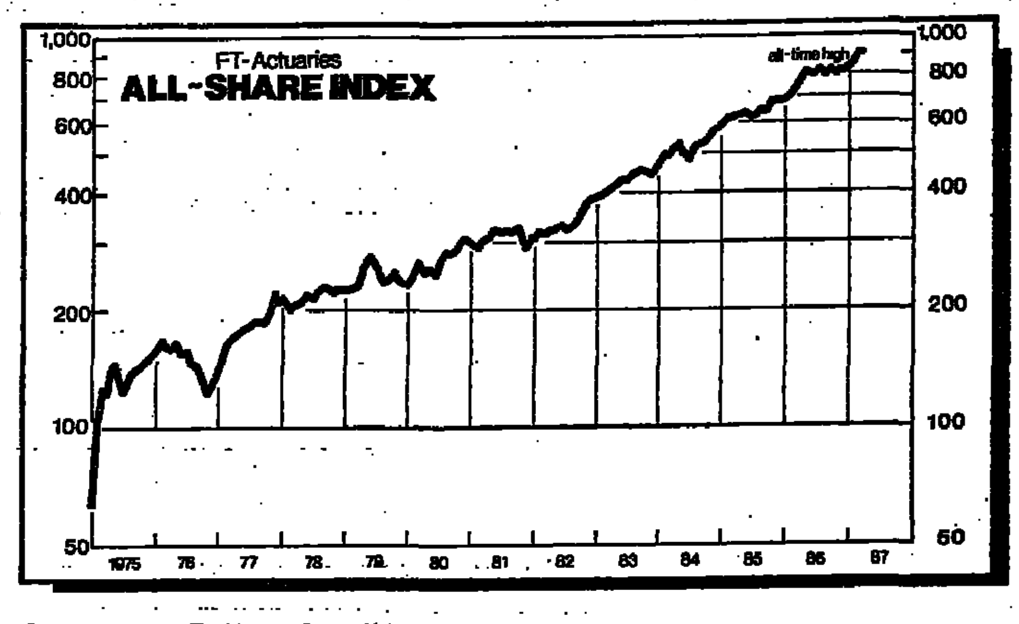
The *only* way in which the computers can make a net profit *out of their operations* is by frightening other investors, small or large, into trading with them. Computers may not be very clever, but they really are very quick, and they will nearly always outsmart you in a *turbulent market. Sit tight,* and don't give them the chance.

• CONTENTS •

Finance: The Great Investment Race	V
Food: State-of-the-art marmalade	XVI
How To Spend It: Hi-fi systems	XVII
Property: Jitters for Japanese homeowners	X, XI
Travel: Weekend in Berlin	XIV
Saleroom: Silver	XIII

Arts	XIX	Gardening	XVI	Stock Markets	II, III
Books	XVIII	Finance and Family	IV-IX, XII	London	
Bridge	XV			New York	
Chess	XIII	How to Spend It	XVII	Madrid	
Collecting	XIII	Motoring	XIV	Travel	XVI
Crossword	XX	Property	X, XI	TV and Radio	XX
Diversions	XV-XVII	Sport		Wine	XVI

Revels lose energy



THE LONDON Stock Market's extraordinary New Year's party rolled on this week. And, as the indices hit new highs, the revellers were treated to some entertaining distractions, thanks to British Airways, Sir Ralph Halpern of the Burton Group, and what promises to be the City's longest running who-dun-it—the Guinness scandal.

But, amid the fresh record-breaking, there were signs that some of the guests might be getting a little jaded and the party perhaps losing some of its energy. Numerous analysts are suggesting that the market's sharp rise in recent weeks may have little further left to run — at least in the very near term. But then the Cassandras were saying that a few weeks ago and were wrong.

The surging bull markets in New York and Tokyo led the way for this week's advance in London, which saw the FT Ordinary Index (which has lagged behind both the All-Share and the FT-SE 100) close on Tuesday at a record 1441.6. However, that was followed by two days of more gently falling indices as investors took profits.

The rise is underpinned by a fairly bouyant outlook for corporate profits — helped this week by a bullish forecast from the Confederation of British Industry. Some City analysts reckon industrial profits could rise 15 per cent this year, following a 20 per cent increase in 1986.

But the gap between the yield on UK equities and Government securities is now wider than it has been for a long time, and many analysts argue that it is hard to see the equity market making much more progress without a good gilts rally.

And, over the past week, the gilts market has had the characteristics of the dog in the Sherlock Holmes story which did not bark in the night: interesting for what it failed to do.

The yield on high coupon long-dated gilts has been stuck just about in double figures, despite a succession of factors which might have been expected to drop it through the pyschologically important 10 per cent barrier: an opinion poll put the Tories well ahead of Labour (though another at the end of the week had them level-pegging), while the December trade figures were somewhat better than the market had been expecting.

London

The two contrary opinion polls underlined the market's continuing nervousness over the prospects for an election, while eyes have also been firmly focussed on the uncertainties in the currency markets, amid rumours of a new meeting of the Group of Five industrial nations to try to support the embattled dollar.

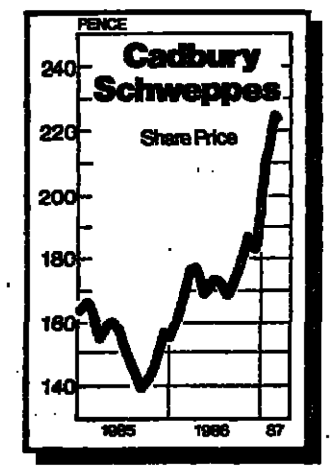
A party mood—albeit one laboriously cranked up by a publicity machine—prevailed as British Airways unveiled its flotation share price. Concorde swooped low over London as the City's investment managers, watching from the warmth of the Savoy Hotel, were treated to an elaborate laser-beam display *on the River Thames*.

After artfully hinting that the share might be sold at 130p, the Government finally plumped for 125p, valuing the airline at £900m and offering investors a gross dividend yield of 6.8 per cent and a multiple of 6.3 times forecast earnings per share. Despite the Government "wealth" warnings to small investors, the pricing should be sufficiently generous to ensure a healthy after-market.

Sir Ralph Halpern, chairman of the Burton Group, will hardly have been in a festive mood last Sunday morning, when he woke up to find his photograph on the front pages of the popular papers amid steamy revelations that he had had an affair with a topless model.

It was the last thing Burton needed. For it came just a few days after rumours—since officially denied — that the group's 1985 takeover of Debenhams was to be investigated by the Department of Trade, and a few days before Burton's annual meeting, when shareholders were to vote on a controversial scheme to give senior executives extremely *handsome* performance-related share options.

But Sir Ralph, who is largely credited with turning a fusty old tailoring chain into one of Britain's most dynamic retailers, turned in a virtuoso performance at the AGM, saw the options scheme approved and the Burton share price stabilise.



Among other price movements, Jaguar, BAT Industries and Saatchi & Saatchi saw some strong buying from the US. A green light from the Government inspector for the Sizewell nuclear power station helped GEC move up sharply. So too did Racal on publication of its interim figures, which were not particularly good—profits up 8 per cent—but slightly better than expected and also held out the prospect of "another period of sustained growth." But the market has heard that one before.

One of the week's most interesting sets of results came from Rank Organisation, the leisure and entertainment *group, which over the past few* years had undergone a major rationalisation at the hands of chairman Sir Patrick Meaney and chief executive Michael Gifford. But it blotted its copybook last year when it failed with a clumsy, hostile bid for Granada, the television and leisure group, which was blocked by the Independent Broadcasting Authority.

This week it bounced back with a 21 per cent increase in full-year pre-tax profits, to £164m. The best results came from its holiday and recreation businesses—such as the Butlins holiday centres—which have seen much capital investment to upgrade the facilities. Rank Xerox, in which the group has a large stake, has also been thriving, thanks in no small measure to the strong Yen. Analysts are looking for profits of about £195m this year, putting the shares on a p/e of around 12. That is not expensive, yet doubt remains about the strength of the UK consumer boom and Rank's acquisition plans, which now seems to centre on the US.

While Mr Gifford may be *laughing, his previous employer*, Cadbury-Schweppes, is most certainly not. For much of the past year it has been looking over its shoulder, afraid that a takeover bid for it might materialise.

None has, but the possibility came close this week when a fast-growing American company, General Cinema, revealed that it had built up an 8.3 per cent stake in Cadbury's. General Cinema—its interests range from movie houses to soft drink bottling and department stores —added that it would not make an offer for the company for at least a year, unless there were any material change in circumstances affecting its investment. But that hardly appeased Sir Adrian Cadbury, the chairman of the company, who sent a frosty note back across the Atlantic saying that any addition to General Cinema's stake would not be welcome.

There are rumours—as there have been for months—that one of America's leading food and drinks groups might be preparing a bid for Cadbury's. Whatever the truth, this week's development suggests that the end of the takeover boom, like Oscar Wilde's death, might have been greatly exaggerated.

Martin Dickson

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
		Prices in pence unless otherwise indicated.			
Baker Perkins	391	392	355	155.78	APV
Barrow Hepburn	52§	64	42	17.28	Yule Catto
Berisfords	166§ §§	166	137	9.11	Ferguson Indl
Berkeley Expln	70	63	56	17.05	*Clyde Pet*
Berkeley Expln	64*§	63	38	15.62	Ranger Oil
Bulmer & Lumb¶	135*§	138	122	11.82	Allied Textile
Burns-Anderson¶	115*	119	—	23.64	Dudley
Crouch (Derek)¶	255§	213	218	31.81	Ryan Intl
Dataserv	216	195	200	71.24	Bell South Corp
Dialene	289*	280	260	11.01	Bunzl
D. J. Security Alarms	116	114	91‡‡	4.71	Britannia Security
Exco Intl¶	305§§	309	203‡‡	713.54	Brit & Comm
Equipu	274§	260	122‡‡	20.80	Sketchley
Europn Ferries¶	133§§	132½	231	307.45	P & O
Feb Intl	159½	159	108‡‡	2.76	Tarmac
Feb Intl 'A'	108	109	78‡‡	5.51	Tarmac
Fogarty	169	170	97	31.49	Coloroll
Fothergill Harvey	311	302	178	39.01	Courtaulds
Gates (F. G.)	120*	138	114	10.08	Giltrap Hldgs
Goldsmiths Grp	270§ §§	268	264	40.86	Oriflame
Grosvenor Group	125†§	128	120	7.79	BBA Group
Grosvenor Group	135†§	128	125	8.41	Hollis
Hanera	70*	89	57	8.04	Warner-Lambert
Hwrd & Wyndhm¶	15*§	17	20	2.74	Intermediate Secs
Lond & Nthn Grp	81†	75½	71½	90.11	Demerger Two
McCorquodale	315*	315	258	161.45	Norton Opax
Supra Group¶	105	105	73	17.08	Evode Group
Tenby	233	230	217	41.01	Emess Lighting
Utd Tst & Credit	502½§	490	470	12.33	Semportex
Wedgwood	585	555	423	256.13	Waterford Glass
Wettern Bros	157½§	152	173	1.87	RMC
Whitworth Elect	148	138	94	5.85	STC

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on 2.30 pm prices 30/1/87. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ‖‖ Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Allied Textile	Sept	6,390	(7,500)	22.4	(19.7)	8.0	(6.5)
Associated Fish	Sept	4,120	(3,430)	17.6	(10.8)	4.0	(3.25)
Blue Arrow	Oct	7,620	(1,930)	21.6	(14.9)	2.0	(1.2)
Camford	Sept	2,560	(1,900)	11.6	(8.4)	2.5	(1.75)
Crown TV	Sept	434	(418)	4.6	(7.0)	3.5	(3.5)
Denmans Elec	Sept	859	(1,000)	13.4	(13.4)	3.85	(3.7)
Domino Print	Nov	3,610	(2,650)	17.3	(12.2)	2.3	(1.0)
Gallaher	Dec	117,400	(109,720)	—	(—)	—	(—)
Glass Glover	Sept	2,330	(1,981)	14.9	(13.8)	4.3	(3.9)
Habit Precision	Sept	1,060	(64)	7.4	(5.0)	2.0	(1.75)
Lonrho	Sept	165,100	(158,300)	25.5	(23.3)	11.91	(10.91)
M & G Group	Sept	15,520	(101,438)	13.6	(8.2)	5.25	(3.75)
Microsystems	Oct	2,540	(1,400)	13.9	(7.9)	2.25	(—)
Rank Org	Oct	164,100	(135,620)	45.4	(33.7)	11.75	(9.5)
Standard Sec	Oct	1,870	(1,717)	—	(—)	4.5	(4.5)
Telecomputing	Sept	711	(811)	11.6	(10.5)	1.5	(0.75)
Transwood Group	Dec	219	(180)	0.3	(0.5)	—	(—)
TSB	Nov	205,600	(169,357)	—	(—)	1.07	(—)
Yelverton Inv	Oct	349	(24)	2.8	(0.5)	—	(—)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
AGB Research	Oct	4,410	(4,010)	5.23	(4.95)
BCE Holdings	Sept	337	(246)	—	(—)
BTS	Sept	106	(228)	1.3	(1.3)
Border TV	Oct	252	(225)	0.6	(—)
British Bloodstock	Sept	175	(350)	2.5	(2.5)
Brunnings Group	Sept	208L	(402)	—	(—)
Cantors	Oct	598	(262)	1.0	(0.75)
Courts Furn	Sept	2,500	(2,410)	1.75	(1.75)
Cray Electronics	Oct	3,050	(2,120)	1.244	(0.957)
Daejan Holdings	Sept	8,700	(7,392)	5.0	(5.0)
Dale Electric	Oct	539	(471)	1.5	(1.5)
Douglas (R. M.)	Sept	1,000	(603)	1.2	(—)
Equipu	Oct	803	(655)	2.0	(1.6)
Eve Construction	Sept	1,300	(1,195)	1.5	(—)
Finlan	Sept	175	(235)	1.8	(1.8)
Harvey & Thmpsn	Dec	604	(295)	2.5	(1.75)
Hillards	*Nov*	*4,500*	*(3,782)*	*1.175*	*(1.0)*
Home Farm	Nov	257	(699)	1.15	(1.15)
Jones Ernest	Sept	789L	(314)L	1.4	(1.4)
London Shop	Oct	3,840	(3,490)	1.55	(1.45)
Mainmet Holdings	Nov	129	(24)L	0.75	(—)
Markheath S & C	Sept	348L	(387)L	0.8	(—)
Mercantile House	Oct	27,000	(32,700)	4.25	(4.25)
ML Holdings	Sept	1,100	(705)	2.6	(2.3)
Neepsend	Sept	13	(355)L	—	(—)
Racal	Oct	25,200	(23,247)	0.8	(0.76)
Saville Gordon	Oct	2,020	(1,760)	0.6	(0.4)
Smith W. H.	Nov	25,800	(21,322)	2.4	(2.0)
Turnbull Scott	Sept	79L	(27)	3.0	(3.0)
Vibroplant	Sept	2,640	(1,950)	4.25	(3.7)

(Figures in parentheses are for the corresponding period)

* Dividends are shown net pence per share, except where otherwise indicated. L Loss.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

British Airways—Offer for sale of 720.2m shares at 125p.

Busier than expected

"FOR THE first week of a new market it was not too bad at all. There was lots of interest from private investors, even some from the smaller institutions. All in all the Third Market has been much busier than anyone expected."

For Brian Winterflood, director of County Securities which is the most active third tier market maker, the opening week of the Stock Exchange's new market for small companies was an unqualified success. Most of the other market makers echo his sentiments.

The pace of trading on Monday, the new market's first day, was very brisk, with each of the eight debutante stocks enjoying active trading. Business was rather less brisk in the middle of the week and trickled away on Thursday and Friday. Most market makers are now awaiting the next flurry of new issues to rekindle interest in the Third Market.

Yet in the USM's opening weeks it was the new issues which dominated trading. On the third tier, by contrast, it has been the emigres from the over-the-counter market and the Stock Exchange's rule 535 (2) which have lapped up interest, probably because would-be investors had been waiting for them to join a more liquid forum.

Theme Holdings, the London restaurant group which had hitherto traded on the OTC market, emerged as the most active stock. Its share price bobbed up and down throughout the week, but ended 9p higher at 53p.

The most successful stock, in terms of share price movement, was Abelscot, which has interests in graphic materials. Before its Third Market debut Abelscot had been occasionally dealt on rule 535(2), and investors jumped at the opportunity to trade in it on the more accessible third tier. The share price rose by 25p to 200p on the first day, and increased further during the week, to reach 230p.

Catalyst Communications, the publishing and public relations group, drummed its share price up by 9p to 54p. Even the Unit Group, a Business Expansion Scheme issue (and therefore expected to be relatively dormant), surged to a 10p premium at 132p; but it slipped back later in the week to close at the issue price of 122p.

Corton Beach, a holding company with interests in automotives, food, leisure and textiles, made its debut on Tuesday.

Junior Markets

Corton Beach had originally intended to join on Monday, but was forced to postpone its flotatin when the train carrying the data for its Extel card was delayed.

Judging by its performance on the OTC market Corton Beach looks likely to be one of the more dynamic companies on the third tier. Since the present chairman, Mike Keen, acquired an interest in the company in 1984 it has embarked upon an active acquisition programme, thereby boosting its share price from 4p to 55p—at which it joined the Third Market—and after fairly active trading, to 58p at the end of the week.

Meanwhile on the USM, the Microsystems Group, which manufactures bus ticket machines, taxi meters and other electronic gadgetry, justified the dizzy rise in its share price—which has almost doubled to just under 240p since its placing last January—by announcing a rise in preliminary profits of 82 per cent to £2.54m.

Microsystems also acted to counter analysts' concern that it cannot sustain the rate of organic growth. It has acquired Analytical Instruments, a private company with similar interests. The City expects profits of £3.7m for the current year and a p/e of 15, which suggests that the share price may rise further, if not quite so dizzily as before.

TMD Advertising, the media buying specialist, watched its shares rise to a peak of 136p after announcing the acquisition of a 50 per cent stake in Horizons, an international media buying group. The progress of TMD's share price has been rather pedestrian since its flotation; partly because the market in its shares is fairly tight, and partly because it is the only publicly quoted company of its type. The company intends to tackle its liquidity problem by funding for future acquisitions with shares.

The Parkfield Group, the "yuppie" engineer, is still bandied about as a USM growth stock, although its share price has stabilised in recent months on concern that, having sped through a stream of acquisitions, it may be less adept at the more prosaic business of organic growth.

Last week Parkfield pounced on the photographic interests of the Spectrum Group, one of the posse of electronics stocks which joined the USM with a fashionably high rating in the mid-1980s and watched its share price plummet as it suffered in the electronics slump. Spectrum's misfortune has turned into Parkfield's good luck and, together with projected profits of £8.5m and a prospective p/e of 12.5, could add another fillip to the share price.

Alice Rawsthorn

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1986-87 high	1986-87 low	
F.T. Ordinary Index	1441.0	+15.1	1441.6	1094.3	International interest rate hopes
Allied Textile	332	+25	355	205	Pleasing annual results
Associated Newspapers	526	+43	526	218½	Cost savings potential
BOC	418xd	+19½	423	279	Ahead of first quarter figures
Boots	267	+11	286	209	New drug development hopes
Bryant Holdings	157	−17	180½	80	English China Clays bid lapses
Burton	267	+17	354	242	Denial of DTI rumours
Cory (Horace)	27	+6	28½	15	Speculative demand
Electronic Machine	66	−17	85	46	Major acquisition talks aborted
Fothergill and Harvey	302	+34	302	157	Increased bid from Courtaulds
Lucas Inds.	530	−13	653	433	Brokers lower profits forecasts
Mercantile House	362	−19	406	252	Adverse comment/Australian problem
Meyer International	320	+34	320	171	Revived bid rumours
Randsworth Trust	143	+23	143	22	Randsworth House planning approved
Rank Organisation	607	+22	611	420	Good preliminary figures
Reabrook	138	+21	138	62	Yule Catto increases stake to 13%
Rotork	190	+11	190	115	Possible bid
Sedgwick	315	−18	408	299	Brokers "sell" recommendation
Taylor Woodrow	345	+19	351	236	Sizewell contract hopes
Wellcome	265	−27	292	156	Nomura Research sell recommendation

Two break silence

NEXT week is a quiet one on the results front, with only two large companies so far signalling their intention to report. The first is UNITECH, which reports on Tuesday on its half-year to November.

No one is expecting anything particularly thrilling from this company. Mr Peter Curry, chairman and sole chief executive following the departure of his younger brother John earlier this month, warned in the annual report that orders and sales for the first two months had been flat and were likely to remain so for the rest of the first half.

The prognosis seems unlikely to be far out. Unitech's problem is that its fortunes are closely tied to the state of the electronic components industry, and this has long been bedevilled by slack demand and overcapacity.

The elimination of losses following the closure of CES (Germany) will provide a useful shot in the arm and could help the group take pre-tax profits ahead to a little over £5m compared with £4.8m last time. But mostly attention will be focused on whether the interim statement gives any grounds for hope that the long-awaited recovery in its marketplace is any closer.

Results due next week

Analysts rarely attempt to predict the pre-tax profits of discount houses, so forecasts of UNION DISCOUNT'S figures, due on Wednesday, centre on the dividend. It is expected to be 29p, making a total of 40p.

Last year Union reported a slump in pre-tax profits to £1.13m from £7.94m, thanks to money market rates consistently higher than the yields on the instruments—Treasury, corporation, commercial and bank bills —which the discount houses tend to carry. However, at the interim stage, Union Discount had what was described as an "excellent" trading performance. The second half is not expected to have been as good.

It is a time of change for the discount houses as the structure of the market has been profoundly affected by the lead-up to Big Bang. Union is one of the only four independent houses left. It seems certain that the houses will lose their monopoly on dealings with the Bank of England—this has forced them to diversify to protect their long-term survival.

Union originally planned to be one of the gilt market makers, only to withdraw when it saw the extent of the competition. It has concentrated on building up its leasing and futures activities.

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Aaronson Bros.	Thursday	1.2	3.0	1.2
Bank Leumi (UK)	Wednesday	3.5	7.7	3.9
Goode Durrant and Murray	Thursday	—	1.75	—
Phoenix Properties and Finance	Wednesday	—	—	—
Securiguard Group	Monday	—	2.7	—
Union Discount	Wednesday	—	—	—
Warner Estate Holdings	*Monday*	*6.0*	*12.0*	*7.5*
INTERIM DIVIDENDS				
Aerospace Engineering	Thursday	1.32	1.58	
Anglo United	Monday	—	—	
Davies Dy.	Tuesday	—	—	
Hambro Current Fund	Wednesday	—	—	
Howard Shuttering	Tuesday	0.7	0.7	
Meat Trade Suppliers	Tuesday	1.75	3.55	
Mid Wynd International Trust	Thursday	1.0	1.4	
Properties Securities Inv. Trust	Tuesday	1.0	1.5	
Textured Jersey	Monday	2.25	3.75	
Unitech	Tuesday	2.24	4.28	
Victor Products	Wednesday	1.75	3.25	
Wintrust	Wednesday	1.8	3.6	

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

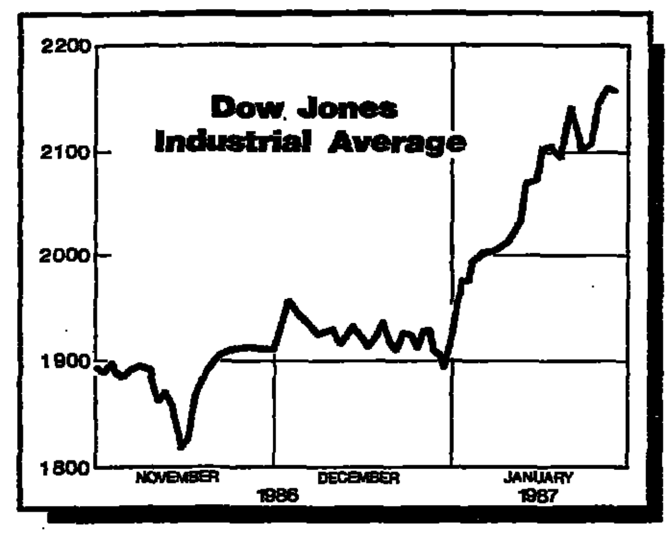
INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 29%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	5.00	5.12	3.96	2.88	monthly	1	—	0-7
High interest cheque	7.70	7.93	6.14	4.46	quarterly	1	2,500 minimum	0
Three-month term	7.44	7.65	5.93	4.31	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	6.00	6.09	4.72	3.43	half yearly	1	1-250,000	0
High interest access	7.75	7.75	6.00	4.37	yearly	1	500 minimum	0
High interest access	8.00	8.00	6.20	4.51	yearly	1	2,000 minimum	0
High interest access	8.50	8.50	6.58	4.79	yearly	1	5,000 minimum	0
High interest access	8.75	8.75	6.78	4.93	yearly	1	10,000 minimum	0
90-day	8.75	8.94	6.93	5.04	half yearly	1	500-24,999	90
90-day	9.00	9.20	7.13	5.18	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS								
Investment account	11.75	8.34	6.46	4.70	yearly	2	5-100,000	30
Income bonds	12.25	9.27	7.18	5.22	monthly	2	2,000-100,000	90
32nd issue‡	8.75	8.75	8.75	8.75	not applicable	3	25-5,000	8
Yearly plan	8.84	8.84	8.84	8.84	not applicable	3	20-200/month	14
General extension	8.70	8.70	8.70	8.70	quarterly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	7.92	8.08	6.26	4.55	half yearly	1	2,500 minimum	0
Schroder Wagg	7.48	7.74	6.00	4.36	monthly	1	2,500 minimum	0
Provincial Trust	8.22	8.54	6.61	4.81	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75pc Treasury 1985-88	9.77	7.48	6.22	5.04	half yearly	4	—	0
10pc Treasury 1990	10.36	7.44	5.83	4.32	half yearly	4	—	0
10.25pc Exchequer 1995	10.31	7.33	5.69	4.15	half yearly	4	—	0
3pc Transport 1978-88	7.88	6.96	6.46	5.99	half yearly	4	—	0
2.5pc Exchequer 1990	8.10	7.29	6.84	6.41	half yearly	4	—	0
Index-linked 1990¶	7.72	7.12	6.79	6.48	half yearly	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

•MARKETS•

Stuff to chew on



AFTER RISING for three weeks on a mixture of cash and high spirits, the US equity market *last week had some earnings* figures to chew on. They were not too bad, or at least not bad enough to undermine a market that capitalises past earnings at the confident multiple of 18.

The Dow Jones Industrial Average rose smartly on Tuesday to a record, and then set another record on Wednesday when most of the broad averages *were at or near peaks.* Prospects of a price war in the airline industry grounded the transportation average on Thursday and pulled the Dow down in sympathy—but by just 3.38 points. Volume on the New York Stock Exchange was respectable, rising steadily to 205.3m shares on Thursday, which was a nice change from *the mania of two Friday's ago.*

There were some nice surprises—from Merck, the drug company, or the paper makers, or Philip Morris—where a falling dollar has helped overseas earnings or lifted the weight *of import price competition* from domestic profit margins.

The ugly figures—from the oils or AT&T—were partly the result of specal restructuring charges that are grist to the market's mill. The market *already knows that big companies* have been laying off workers at unprecedented rates, and lower operating costs mean that even a small improvement in unit volume from a sluggish *economy gets through to profits.* The market does not mind non-recurring charges, return on equity is flattered by an equity base that has been written down, while the lower earnings level makes any profit improvement look dramatic.

The December trade deficit was announced on Friday; at $10.6bn it was the smallest for nearly two years. The mammoth November figure of $19bn was revised down $4bn. On just two months' figures, it is early

Wall Street

days to be saying that US industry is recapturing its own market and riding a lower ex*change rate abroad, particularly* as exports were down in December. On Friday the stock market's immediate response was downward, and the bond market did not seem to want to rally just before next week's Treasury auctions. But Mr Michael Metz of Oppenheimer, who has been rather a cool observer of the market's high *jinks, was pleased.* "The trade figures give the bull case for earnings a big push," he said on Friday morning.

Exxon kicked off the week with results which showed that it still earns the largest profits even if it is not the most profitable company. Earnings before various special charges and gains were almost halved in the fourth quarter, but the market seems to think that the *worst effects of the falling oil* price are past: Exxon's share price rose $1.25 to $80.5, only just short of its peak.

Mobil, Texaco and Chevron reported sharp falls in operating net income later in the *week, but their prices all rose* as well. Everybody maintained his dividend—even Texaco—and that is what matters.

On Tuesday, Merck, the least diversified of the US drug companies, produced the most excit*ing figures of the week—as its* share price had long promised. Earnings for the quarter were up 28 per cent, helped by strong currencies in its large overseas business, and its share price rose $2.88 to $136.88 and pulled the other drug companies with it. Merck is trading on an historic multiple in the upper 20s, but then it has just *launched five drugs in the US.*

Philip Morris, the tobacco and consumer products company, *actually showed earnings growth* of 31 per cent, but the figures were flattered by the inclusion of an extra month from its General Foods acquisition, and the spectacular growth in overseas sales over the year — 11 per cent—got eaten up by heavy marketing costs on the way to earnings. Its stock price rose $2.75 to $87.25.

The paper companies, Southwest Forest, Weyerhaeuser and Kimberley Clarke, were all well ahead because of weaker import competition. *Southwest Forest,* which accepted an offer from Stone Container, rose $7.5 to $31.13 and Kimberley-Clark rose $9.5 to $108.5 when it said it was buying back some shares.

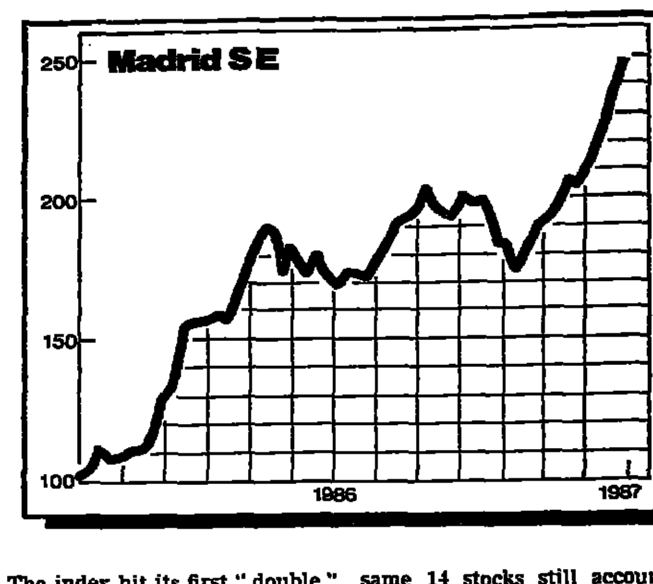
Airline stocks might have done better after Piedmont Aviation, a successful medium-sized carrier, received a bid approach from Norfolk Southern, a railroad holding company, and TWA reported a turn-round from loss to profit in the fourth quarter.

Thursday also saw AT&T report a quarterly loss of $1.17bn, but this was after a special charge of $1.7bn after tax to account for cuts in the workforce and restructuring. *AT&T's share price fell $0.5 to* $25.75.

MONDAY	2,107.28	+ 5.76
TUESDAY	2,150.45	+43.17
WEDNESDAY	2,163.39	+12.94
THURSDAY	2,160.01	− 3.38

James Buchan

Demand surges onwards



THE MADRID Stock Exchange has already done more business this year, in one month, than in the whole of 1983. And to think that *1983, the first of a* remarkable series, was actually considered rather a good year . . .

Last year, when the Exchange's general index rocketed up by a 108.31 per cent, people got excited when one day's turnover reached Pta 16bn (£81m). Although still small by the standards of the *major European exchanges,* this would previously have been quite unthinkable. Now it is happening every day.

Spanish companies may be kicking and screaming about the effects of the EEC and their problems in trying to compete, but it seems there is no stopping the stock market. Madrid's performance—beaten last year only *by the indices of the smaller* Spanish exchanges of Bilbao and Barcelona—has kept it at or near the top of the world league. This week's index close of 245.10 although below Thursday's peak, showed a 17.7 per cent gain since the beginning of the year.

Last year broke all records. The index hit its first "double." Total trading volume in stocks *and bonds grew by 180 per cent,* and equity dealings by 250 per cent. Total market capitalisation of quoted shares rose to about Pta 6,500bn from Pts 3,000bn.

Since 1980 total trading has multiplied by 45, share dealings by 30, dealings by foreigners by more than 100. The net inflow of foreign investment last year, at Pta 125bn, was more than *double 1985's, which was treble* 1984's. In Britain, which has dominated the foreign investment picture, the first unit trust geared specifically to the Spanish market has just been launched by Dumenil.

Spaniards, who can no longer remain oblivious to what is going on at Plaza de la Lealtad, still tend to regard the Stock Market, however, as a hermetic institution where a small group of people made fortunes dealing *in a small group of companies.* Despite the boom this is not such an inaccurate picture.

"I am amazed by how few people in Spain know anything about the equity market," remarks Monica Morales of the recently-formed financial services company Investcorp. Share ownership does not spread very *far afield,* and the market remains very narrow.

Since the late 1970s the number of listed companies has shrunk from 500 to barely 300. Only this year will the trend probably be reversed by new *companies* coming on to the market. This week's record Pta 43.7bn flotation of the Catalan motorway operator Acesa is the first in the queue.

The shortage of available paper to meet surging demand *means that the threat is always* looming in the background that the market will one day stall, Italian-style, and collapse.

In the last boom period, before the 1973 oil crisis, 14 stocks made up more than *half the market. In 1986 the* same 14 stocks still accounted for half the market. Bank stocks, the traditional backbone, accounted for 38 per cent of foreign purchases last year.

Although investors have been proving *more selective in* their targets, almost all sectors have pulled along in the recent rise. Spanish investors set it off; the foreigners followed. Improved company profits, relatively low interest rates, an income tax change removing

Madrid

tax relief on bond purchases *but keeping it on share pur*chases, and the closure of some alternative outlets for "black" money have all contributed.

It was thought that the recent easing of restrictions on purchases of foreign securities by *Spanish* individuals and institutions would take pressure off the Spanish market. But, with a stable peseta, there has been no rush to get money abroad.

Meanwhile, some of the odd habits that have hindered other people's understanding of the Spanish market have been disappearing: The Madrid Exchange is now working with a permanent index instead of going back to 100—which would have been quite a bump—at the *beginning of the year.* From April, shares are due to be traded in pesetas instead of percentages of nominal value.

As in Paris, a limited range of shares is now traded during the afternoon. Since November *there has been a* "second market," more lightly regulated than the main market and aimed at smaller companies, but so far inhabited by only one lonely stock. And, now that Spaniards are freer to invest abroad, the *way is presumably open for* introducing foreign stocks in Spain.

David White

Look down under for gold

THE GOLD mining town of Kalgoorlie is so busy that exploration *companies have to* wait months to hire the drilling rigs they need to go prospecting.

One group got so tired waiting that it built its own equipment from parts from scrap yards — and immediately had rivals on the telephone wanting to rent it.

It is not too late to invest in the current expansion of the Australian gold mining industry. The mining companies say *that the success of the last five* years in discovering, providing and exploiting ore reserves in Australia has only encouraged more groups to go looking for gold. New mines were opened last year, according to the *Western Australian Department* of mines; 25 are planned to start production in 1987. Gold output, which was under 20 tonnes five years ago, is set to reach 100 tonnes in 1988.

The difficulty in the stock market *is picking the few* likely winners from the great number of companies that go looking for gold.

It is safest to begin by sifting through the established producers. The industry's expansion has already created a number of companies with market capitalisations between A$200m and A$500m. With a gold mine in place, they are in a position to make profits, pay dividends, and fund future exploration and development from their own funds. For example, *Pancontinental* Mining, with interests in Queensland coal and in an undeveloped zinc-lead-silver deposit (Lady Loretta), as well as Paddington Gold Mine near Kalgoorlie, is already well on the way to *becoming a diversified mining* house.

Barrack Mines, which expects to produce at an annual rate of 100,000 ounces by the end of 1987, also looks very secure with two mines in production, *at Wiluna and Horseshoe Lights.*

Investors do not forgo the potential rewards of exploration with these companies. Pancontinental is prospecting for platinum as well as gold. Bar*rack is one of several companies* actively exploring in Queensland. At Croydon it says it has identified a 990,000-tonne reserve of ore which could be mined at 3.6 grammes a tonne.

Resources

A decision to start a mine is expected soon.

Metana minerals is another established producer. Its busy exploration programme includes looking for diamonds at Nullagine, in northern Western Australia. Peter Ingram, director, says the company has found a mineral which could be kimberlite, the host-rock for diamonds. Alluvial (water-borne) diamonds have long been dis*covered in the area.*

More importantly, these companies and others are busy looking around and underneath deposits they are already mining. Geologists believe that *this is where the next genera*tion of underground gold mines will probably be developed. Australian Consolidated Minerals, a 40 per cent-owned subsidiary of Amax, is investigating the Great Fingall deposit which *lies next to its rich under*ground mine at Golden Crown, in the Murchison minerals belt north of Perth. In addition, ACM has a 50 per cent stake in nearby Big Bell, an old mine where Placer Pacific has identified *considerable* reserves. A decision to mine is due shortly —ACM is impatient to start, but Placer has a number of other projects on its books.

Companies which have yet to produce any gold are a much trickier proposition. Perth broker Eyres Reed McIntosh says: "Translating geological *reserves into mineable reserves* is still a practice fraught with danger." Mount Percy, a mine owned by the North Kalgoorlie Mines company controlled by Alan Bond, has only recently *overcome* difficulties in maintaining the grade of ore being mined.

There are some pointers to the better companies: management quality is critical. Brokers prefer groups with geologist on *the board:* accountants and lawyers are acceptable if they can attract good technical people. A favourite among Perth brokers is David Muller, chairman of Julia Mines, who has a geology degree and an MBA. The company *expects to* start production this summer at Goongarrie, north of Kalgoorlie, at an initial rate of 40,000 ounces a year.

Access to capital is also essential — companies which raise only A$1m or A$2m can fund only a modest two-year exploration programme — usually not enough to bring a mine to the brink of production.

Finally, there is the ore deposit—the most difficult element for outside investors to judge. The companies themselves never really know their ore until they start mining. Harbour lights—a joint venture mine managed by Esso in partnershsip with Carr Boyd Minerals, Hill Minerals, and Azec Exploration—last year shook the market by sharply downgrading estimated reserves. It was a *sobering thought that* even Esso—which has a high reputation in the goldfields—could make such a mistake.

However, reports and rumours about deposits move junior shares more than any*thing else. One way of trying* to take advantage of this would be to back companies exploring prospects where bigger groups appear to be active: juniors with interests near Western Mining's Lady Bountiful mine *have recently soared on the* announcement of increased reserves.

At the end of the day there is no substitute for luck. Peter Vanderspuy, chairman of Delta Gold, says: "As always, it is a very small proportion of explorers who become producers."

Stefan Wagstyl

Legal Notices

INSOLVENCY ACT 1986
NOTICE OF APPOINTMENT OF
JOINT ADMINISTRATIVE RECEIVERS
CONTINUOUS HEAT TREATMENTS
LIMITED
COMPANY NUMBER 788987

In accordance with Section 46 (1) (a) of the Insolvency Act 1986 notice is hereby given that David Robert Wilton and David John Corney of 2nd Floor, Edmund House, 12-22 Newhall Street, Birmingham B3 3DX, were appointed Joint Administrative Receivers of the above-named company on 21st January 1987 by Barclays Bank PLC under the powers contained in a debenture dated 7th February 1984. The above mentioned debenture creates a first fixed charge over all the freehold and leasehold property, fixed plant and machinery, goodwill, uncalled capital, and a fixed charge over book debts and other debts. The above mentioned debenture also creates a first floating charge over the undertaking and assets of the company.

The company's registered office and trading address is Woodall Works, Foxoak Street, Cradley Heath, Warley, West Midlands, B64 5DH.

DAVID ROBERT WILTON.
Joint Receiver and Manager.
DAVID JOHN CORNEY.

No. 0058 of 1987
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF
BULLERS PLC
AND IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 14th January, 1987 presented to Her Majesty's High Court of Justice for the confirmation of the cancellation of £342,000 of the amount standing to the credit of the Share Premium Account of the above-named Company.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before The Honourable Mr. Justice Vinelott at the Royal Courts of Justice, Strand, London WC2A 2LL, on Monday, the 9th February, 1987.

Any Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the under-mentioned Solicitors on payment of the regulated charge for the same.

Dated this 29th day of January, 1987.
NORTON, ROSE,
BOTTERELL & ROCHE,
Kempson House,
Camomile Street,
London EC3A 7AN.
Solicitors for the Company.

• FINANCE & THE FAMILY •

MAIN FEATURES OF BA OFFER

- Price of 125p a share values British Airways at £900m and is 6.3 times forecast earnings per share of 13.1p.
- Minimum application is for 400 shares. Price is payable in two instalments: 65p now and 60p on August 18.
- Net dividend of 4p will be paid in July. BA says it would have been 6p in a full year, so the notional gross yield is 6.8 per cent.
- Small investors will get one free share for every 10 still held at the end of three years, to a maximum of 400 bonus shares.
- Some 20 per cent of the issue has been allocated to overseas investors and 45 per cent to City institutions. Up to 10 per cent of the rest has been set aside for BA employees.
- If the UK public offering is subscribed more than three times, 20 per cent of the shares allocated to overseas and institutional investors will be clawed back.
- Employees get 76 free shares each, plus two free shares for every one bought to a maximum of 120 purchased and a 10 per cent discount on purchases of up to 1,600 shares.
- Foreign shareholdings will be limited to around 35 per cent to protect BA's status as a UK flag carrier.
- The prospectus warns that criminal proceedings may be taken against multiple applicants.

BA has its risks, warns **Richard Tomkins**

High flier for Sid

THIS WEEK'S publication of the prospectus for the British Airways flotation found the Government making an eleventh-hour attempt to whip up some enthusiasm for the issue among investors.

The price was announced amid an orgy of publicity aimed at securing peak-time television news coverage of the event. Sure enough, the TV cameras on the banks of the Thames lapped up the Concorde fly-past, the 50 ft diameter floating globe depicting British Airways' route network, the showers of laser beams and the fireworks.

More importantly, the pricing itself was plainly set to generate a wider interest in the issue. After talking of a possible 130p a share at the end of last week, Hill Samuel, the merchant bank sponsoring the flotation, eventually announced a price of 125p — a figure which looked cheap by comparison.

But why the apparent concern all of a sudden to widen the market for British Airways' shares? And does the issue look *any more attractive to the small* investor now than it did when the pathfinder prospectus came out a month ago?

Right from the start of the British Airways flotation, the Government made it clear that this was one privatisation which was not being aimed at widening share ownership. Unlike British Telecom or British Gas, this was not a big, safe, monopoly utility, and the Government did not want to risk first-time investors getting their fingers burned — especially in the run-up to a general election.

The marketing for the issue was therefore aimed at professional investors and the institutions rather than the Sid in the street. Certainly, there was heavy television advertising, but it did not take the folksy form of the British Gas campaign, nor was it complemented by a direct mailing to millions of householders.

Unfortunately, these efforts to steer the issue away from the inexperienced investor backfired. They were widely misinterpreted as meaning that the issue was unsuitable for any small investor. As a result, *only 500,000* people applied *for* prospectuses for the offer for sale compared with 7m in the British Gas flotation.

On the face of it, this might not matter. After all, so much of the issue has been set aside for institutional investors, the overseas markets and employees that only about 25 per cent remains for the UK public —although this portion will be expanded through a "clawback" of shares from the other investors if it is more than three times subscribed.

The trouble is that the greatest enthusiasm for British Airways' shares at the moment is coming from overseas investors, particularly those in the US who are used to dealing in airline stocks. They see British Airways as a quality stock at a bargain basement price.

That enthusiasm seems set to provide the impetus for a successful flotation — but it will evaporate overnight if the issue is seen as a flop in the UK domestic market. The Government is therefore anxious to ensure that the UK public offering is indeed three times subscribed so that the clawback provision is triggered. That has become the benchmark of success by which the issue will be judged.

Consequently, the shares have been priced more cheaply than might otherwise have been the case, and the issue suddenly looks rather alluring.

The main reason for this is the fact that the 125p is payable in two instalments: 65p now and 60p on August 18. This has the effect of exaggerating the effective yield and the *likely* premium.

The astute reader of the British Airways prospectus will have noted that the 4p a share net dividend is to be paid in July, before the second instalment is due. That means the actual gross yield on the partly-paid price is 8.7 per cent. That is not an annualised yield, but *the return at the end of just* six months.

2 On the question of the premium, analysts are predicting that the shares will begin trading at about 15p above the offer price and rise to a premium of 25p to 35p over the next few months. That would not be a big premium on the fully paid price: but on a partly-paid 65p, the percentage rise would be 23 per cent initially and up to around 50 per cent in the *short* term.

A tantalising strategy therefore comes into view. A purchase of, say, 1,500 shares would cost an initial £975 and would produce a grossed-up dividend of £85 in July. That amount would be risk free: on top of it would come whatever premium the shares were trading at, and according to the pundits, that could produce up to £525 more. Add the two figures together and you are looking at a profit of anything up to around 60 per cent at the end of just six months.

British Airways is, however, a risky investment even over such a short time-scale at that. The airline's profits are acutely susceptible to factors beyond its control, as the current year forecast vividly illustrate, and its share price is likely to be highly volatile.

The longer the investment, the greater the exposure to these and other risks, and the shares are likely to be heavily traded as perceptions about the profits outlook change. Anyone thinking of holding out for the one-for-10 bonus issue of shares at the end of three years is therefore likely to need a very *strong stomach indeed.*

David Lascelles weighs up TSB shares

Through the ceiling

PROFIT forecasts in issue prospectuses are made to be beaten. So it was no surprise that the TSB, reporting its first results since flotation in September, came in a few bob over the £201m it had indicated in September.

But the actual outturn, £205.6m pre-tax, contained no specially pleasant surprises. The dividend, at 1.065p a share was exactly as forecast. As a result, the group's share price eased slightly on the announcement, closing Thursday at 80p, *down 2½p.*

Even at this price, though, initial investors are still sitting on a handsome capital gain of 60 per cent on their original 50p investment. And the question for the TSB's 2.5m shareholders must be whether to hang on for further benefits, or cash in on the easy gains.

Several things weigh in the balance. First, they must decide whether they want to be a true long-term shareholders, in which case they will have to pay the second 50p per share instalment next September, though they will qualify for the one-for-10 free share loyalty bonus if they are still shareholders on September 30 1989. By doing this, they could share in one of the more interesting stocks in the banking sector because the TSB has more options for its future growth than the other clearing banks.

For those who take the shorter view, the considerations depend on the performance of the TSB itself; and there the big question is how the group spends the £1.5bn it received from the flotation.

This week's results made one thing clear: at the moment the TSB is operating well below its full profit potential. This is because it has invested a good part of its capital in gilt-edged stock and other secure but liquid assets, keeping it ready for the day it decides to make a big acquisition. That is not good news for investors because these assets earn low returns, and if shareholders really want to invest in gilts, they could do it more cheaply themselves.

Also, the results showed that the TSB's profits from its core business — banking — are the slowest growing because the TSB's development costs are enormous, and it is being cautious about expanding its loan book. Banking profits were up 9.5 per cent to £134m.

By contrast, the TSB's other activities like credit cards, insurance, vehicle leasing and finace house services, raised their profits by 35 per cent to £63m. However, the strongest growth in this part of the group came *from* credit cards (profits nearly doubled to £11m), for reasons which the TSB admits were exceptional.

So, to sustain a healthy growth in profits the TSB must find a lucrative home for its cash and that could be difficult.

Sir John Read, the chairman, refused to be drawn this week on where the TSB is looking, other *than to recall* that the prospectus talked of businesses like insurance, personal financial service and estate agency. Rather than make a single huge acquisition of a publicly quoted company, the TSB might buy a string of smaller, private companies, like a travel agency it bought recently.

The day the TSB does announce a big acquisition will be a kind of judgment day. The stock market will judge the quality of TSB's management by its choice, and the quality of the group itself by what it means for profits. That is probably the moment many shareholders will have to decide whether the TSB is a proposition to stick with.

Dial-an-overdraft

A VOICE on the telephone may soon be telling you the bad news about your overdraft if an experiment by Lloyds Bank, to be launched in September, proves successful.

Anticipating the demand for home banking services—already *being exploited by Bank of* Scotland and more recently the Midland subsidiary, Clydesdale —Lloyds decided to try a different approach.

Instead of harnessing the television, Prestel or computer screen to provide personal banking information, Lloyds plans to use domestic telephones.

Customers will be provided, for about £5 a month, with a small box called NBS Taltek, which is connected to the telephone by a special adaptor. The box incorporates a numbers keyboard and a "card swipe." You simply pick up the phone, "swipe" your Lloyds cashpoint card through the reader on the Taltek box and enter your Personal Identification Number on the keyboard. You then use the keyboard to give instruc*tions about what you want to* know or do—find out the size of your overdraft or pay an outstanding electricity bill.

The number of transactions will initially be limited to inquiring about the balance (or lack of balance) in your account; checking recent entries; ordering travellers' cheques and foreign currency; or paying certain bills like gas, electricity or Access and other credit cards.

But in future, according to Stuart Ransom, chief manager of marketing for UK retail banking, it might be extended to many other uses such as providing information about financial services, such as personal *loan rates, car hire or theatre* bookings are other possibilities.

Mr Ransom says that it is planned to make the Autophon "verbal response" a human voice, something like the time information service (TIM) rather than a robotic sound. So far the "voice" has not been chosen.

He claims the telephone *home* banking system has many advantages. *It is portable so it* can be used anywhere in the house or office where there is a plug-in phone. And using a phone overcomes the problem of having to commandeer the TV screen when others are viewing a favourite programme.

Mr Ransom predicts that Lloyds will probably charge about £5 a month to rent the Taltek box. On top of that will be the cost of the what will usually be a local phone call.

The bank is seeking some 1,000 volunteers to test the scheme.

John Edwards

• FINANCE & THE FAMILY •

Nicholas Bunker on Russian bonds progress

Tsars' mint imperials

BARELY six months ago, Tsarist bonds were little more than ornate relics of Imperial Russia. If they had a cash value at all, it depended purely on the varying levels of collectors' interest.

But holders of Russian bonds should think carefully before they apply for a share in the £46m compensation fund set up by the Foreign Office to meet claims from the Soviet Union's British creditors.

Fortunately, they have two months to reflect (plus a little research) on the pros and cons. Price Waterhouse, appointed to look after the fund, has made March 31 the deadline for receipt of completed application forms from bondholders. June 30 is the latest date for claims in respect of property—such as factories or farms seized by the Bolsheviks 70 years ago.

These bonds present quite complex problems. For one thing, nobody has any idea how many Tsarist bonds are in existence. The 1902 book lists bonds in issue with a face value of 2.5bn roubles (or about $1.25bn at 1900 exchange rates)—but many more were issued between 1902 and 1917.

Also, nobody knows how many are in British hands (only British and some Commonwealth citizens qualify for the pay-out), or how many have been lost, destroyed or sold to foreign collectors (West Germans are the most avid).

None of the 260 series of state bonds listed in the Tsar's Great Book of Public Debt for 1902 had paid a brass rouble of interest since Lenin's coup d'etat toppled the Romanov dynasty *in 1917*.

Then, in July last year, Britain and the Kremlin astonished bondholders and dealers alike with the news that they had finally agreed to settle claims on each other dating back to the Bolshevik Revolution of 1917.

This means that no one can yet predict the volume of claims *on the fund— in spite of the* British Government's predictions that the pay-out might be 10 per cent of each bond's face value. That prediction is based purely on the fact that between 1918 and 1951 the Foreign Office received claims totalling £400m from potential creditors of the USSR.

The greater the number claims, *the less money will go* to each claimant—and in any case it will be limited to a proportion of the face value of the bonds, with no allowance for interest.

Clearly, a bond holder might get a better deal by selling his certificates to a dealer or collector. Two problems arise. First, collectors only want certificates in mint condition, except a tattered, dog-eared bond certificate that happens to come from a rare issue.

*Second, prices in the collec*tors' market are now decidedly erratic—because of the shock of last July's announcement.

The market was always uncertain in any case. A speculative boom in the late 1970s and 1980s pushed prices to as high as £1,000 for a £100 face value certificate. But the market collapsed so that early last year beautifully printed Russian certificates were selling for less than £10 in London.

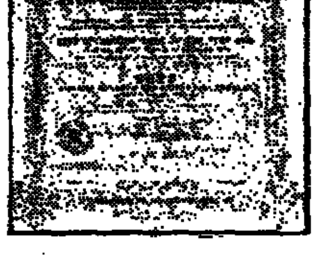
So another possibility is to keep the certificates as a speculative investment in the hope of another collecting boom.

Deciding on the best course of action will require some research on your bond certificate to find out just how valuable it might be to a collector. Remember, if thousands of bonds like yours are surrendered to *Price Waterhouse* and later destroyed by the Government the value of those unsurrendered will rise.

The standard work on Russian bonds is a two-volume work by two Germans, Drumm and Hensler—but this is unlikely to be easily accessible in this country. *London has, however, one of the world's leading experts, Mr Leslie Tripp*, a dealer whose annual catalogue *of bond certificates* is as good a research guide as any.

Alternatively, why not just keep the bonds as heirlooms? Do we really want to see such charming relics incinerated in the basements of Whitehall?

* Leslie Tripp, Scripophily International Promotions, Linen Hall, 156 Regent Street, London, W1.



Market agility

The Great Investment Race

Top fund managers are Racing ahead, despite the City scandals. Alice Rawsthorne describes the ups and downs.

INSIDER TRADING scandals notwithstanding, the world's stock markets have raced ahead since the start of the year and the Great Investment Race's competitors have followed suit, with each team boosting the value of its portfolio.

In the race six teams of top fund managers are testing their investment skills to see which can make the most money for charity by managing a £35,000 portfolio—donated by Prudential Unit Trust Managers—for a year. The race, *organised by Charity Projects*, began in late September and, just *three months later, two of* the teams have already doubled *their original portfolios*.

All the teams took stock of their *investment strategies* at the start of 1987 and have *since engaged in active trading*. Even Bell Lawrie, the Scottish *stockbroking house which opted* for a stable policy at the beginning *of the race*, has added new stocks to its portfolio.

Bell Lawrie has bought shares in Cadbury Schweppes—*investing before* General Cinema unveiled details of its *holding last week*—because, as the managing director, Derek *McIntosh, puts it*, recent changes in corporate strategy make the company look "very interesting," as do the persistent bid rumours.

It has also acquired stakes in two *Scottish companies*, Grampian Holdings, a mini-conglomerate, and Scott and Robertson, which is involved in packaging. Bell Lawrie's analysts believe both companies to be undervalued. Otherwise the portfolio remains intact and is now valued at £37,744.

Fidelity, the fund management *group, is still hard on the* heels of the leaders, Prudential *Portfolio Managers*. Unlike Bell Lawrie, Fidelity has adopted *an energetic investment* policy and, having engaged in a *speedy stream* of buying and selling, has augmented its portfolio to £75,909.

Most of the teams have concentrated on the UK stock market, but Fidelity has applied its "opportunistic" policy all over the world. Since the start of the year it has traded equities and bonds in Italy, the US, Japan and, by buying shares in Tyne Tees Television, in the UK.

The London stockbroker, Hoare Govett, is still trailing behind the rest of the field but has at least restored its portfolio to profitability after a successful bout of day trading.

Hoare Govett has bought and sold stakes in BCE Holdings, the Hoskyn Group and Hammerson Property, but still holds Boots and Premier Consolidated Oilfields. Its portfolio is now worth £35,112, but it suspects that the London stock market is "over heated" and intends to bide its time until the outlook is more encouraging.

L. Messel, the London broking house, has emerged as another "opportunistic" investor. It has amassed an eclectic portfolio composed of shares in the embattled US leisure group, Resorts International, financial futures, and warrants. The Messel portfolio now stands at £46,566.

The Japanese securities group, Nomura, has stuck to Tokyo, its home territory, for the race. Since the start of the year it has bought and sold equities on the Japanese stock market. Its portfolio is now worth £53,951 and is divided between cash and a stake in *Nippon Business Consultants*.

The Prudential is still clinging on to the lead it established at the very start of the race, although the team has been rather less active in its investment policy in recent weeks. It has added Japanese bonds to the core portfolio of UK equities—Attwoods, Beazer and *Walter Runciman—and has in*creased its portfolio to £94,342, *almost treble the original value*.

"In the last few weeks the market has been so strong it has surprised us and in some markets we are in great danger of seeing the strength we had expected to come in the course of the whole year being con*centrated in January*," says Trevor Pullen, director of UK equities. "In many ways we would feel happier if things were rather *less rosy*. So we will wait until the markets have calmed down."

Owners enticed

MIDLAND BANK has moved fast to take advantage of the recent decision by the Bank of England to relax the rules on loans using your home as security.

This week it announced two new lending schemes. The most innovative is the Home-Owner Reserve scheme, which allows you to borrow money for any purpose (buying a yacht etc.) with the bank *tak*ing a first or second charge on *your house as collateral*.

Under the scheme you can *have a revolving line of credit*, between a minimum of £3,000 *and a maximum of £15,000* which you repay on monthly basis. The amount you borrow is restricted to up to 30 times the monthly repayment (anything between £60 to £300), dependent on the value of your property and your income.

The interest rate is not particularly competitive, for a secured loan at 15.5 per cent (APR 16.3) which is 4.5 per cent above base rate. But it is a lot cheaper than normal personal loans where the APR is 19 per cent or the bank's revolving credit scheme at 20.4 per cent. At the same time there are, for once, no extra fees or charges.

Midland has also launched a Home Improvement Loan scheme, which enables you to borrow money for any home improvements that would qualify for tax relief under Miras (Mortgage Interest Relief at Source) at an interest rate equivalent to the bank's normal rate paid for a first mortgage—currently 12.5 per cent (equivalent to an APR of 13.4) and slightly above the market average.

The minimum loan is £3,000, with no maximum, and repayments can be spread over a period up to 25 years. In other words, it is like a second mortgage, with no extra premium on the interest rate.

The bank takes out a second (or first) charge on your property as collateral and charges you an arrangement fee of £50 for the privilege of lending you money, unless you already have a mortgage with the Midland. You also have to pay security (legal and administrative) costs, as well as a compulsory loan protection policy, on which the bank earns commission.

John Edwards

FINANCE & THE FAMILY

Philip Coggan reviews some recent BES issues

Investors have a royal choice

AN ANTI-AIDS spray, cat litter and Royal memorabilia were among the products on offer from companies launching Business Expansion Scheme issues over the last fortnight, as the rush began to attract investors seeking tax relief in the next financial year.

The Royal Family will form the centrepiece of an exhibition called Royal Britain, which a company called Unicorn Heritage is hoping to stage at a building near the Barbican. It hopes to raise £5m via sponsor Johnson Fry.

Royal Britain will be very much a "hi-tech" exhibition with special effects from people who helped on the design for musicals like Time and Phantom of the Opera. If all the planned effects come off, visitors will experience the sensations of Mary, Queen of Scots, as she walked to the scaffold and be able to see how they would look dressed in Henry's VIII's armour or Princess Diana's wedding dress.

The project also has an educational tinge. Each "feature event" on a different aspect of Royalty will be accompanied by background information on the historical events described. Words are not likely to be in short supply given the background of Mr Gyles Brandreth, Unicorn's artistic director and deputy-chairman. A publisher and TV personality, he holds the world record for the longest ever after-dinner speech.

Unicorn hopes to have the exhibition open by January 1, 1988 and if it hits its target of 900,000 visitors in the first year, it projects pre-tax profits of around £1m. The issue will open for subscription next week.

Cat litter is one of the main products manufactured from the speciality earths and absorbent minerals imported by Lawrence Industries, a firm which has raised £1.9m via an issue sponsored by Williams de Broe Hill Chaplin. Other uses for Lawrence's products include jet fuel purification granules and non-drip agents for paints.

Johnson Fry launched the biggest ever underwritten BES issue for Edinburgh Tankers, which plans to operate a shipping fleet carrying liquid refined oil products like aviation fuels. Depending on how much of the maximum £15m the company raises, it will buy one or more ships which will ferry cargo between the oil refineries and chemical plants of Europe.

An illustrative profits projection of *£500,000-£750,000* is based on Edinburgh Tankers raising £5m (the minimum underwritten is £4.5m).

The shipping industry has been plagued by overcapacity for some time but Edinburgh Tankers believes that the cycle is due for an upturn. If it is, the company could benefit from capital appreciation on the ships purchased and from an increase in freight rates. The profits projection is based on freight rates remaining at present levels.

Two smaller issues have opened for subscription. Acorn Hardwoods has already twice tapped BES investors for funds, in 1985 and 1986. The Saxmundham-based company hopes to develop a range of forestry-related activities to build on the basis of its existing business as a specialist oak merchant with its own saw mill. It made pre-tax profits of £22,193 on turnover of £71,000 in the year to September 30, 1986.

Acorn is issuing up to £550,000 shares at £1.60 each with a preferential rate of £1.30 each for existing shareholders. The company is not using a sponsor.

The anti-AIDS spray comes from a company called Protecto, run by Mr Anthony and Ms Yvonne Broughton. They claim to have developed a disinfectant spray V3 which can destroy the AIDS retrovirus, when it is present on hard surfaces or equipment. The fluid for the spray is mainly being manufactured by Atom Chemicals, a company controlled by Mr Broughton. Protecto has no trading record and is seeking to raise only £123,750 via the issue of 99,000 shares at £1.25p each.

Meanwhile, an issue from Mildminster Group for an engineering software publisher and distributor called Modus Marketing was fully subscribed. A total of 1.85m shares were offered at 13.5p each, raising just over £250,000.

The Black Horse Brewery is not a further diversification by Lloyds Bank but a BES scheme from Pointon York. Black Horse hopes to raise £2.875m so that it can buy the eponymous brewery and then build up an estate of tied and free houses, starting with the Home Sweet Home pub in Roke, Oxfordshire. The group will then produce two beers—a flagship real ale and an ordinary bitter.

LATEST BES OFFERINGS

Company	Maximum amount	Minimum application	Share price
Edinburgh Tanks	£15m	6,000 shares	50p
Black Horse	£2.875m	400 shares	£1.25p
Unicorn Heritage	£5m	3,000 shares	£1
Protecto	£1.25m	400 shares	£1.25p
Acorn Hardwoods	£880,000	325 shares	£1.60p

Prestige launched on promise

WHEN ADRIAN Collins moved *to Arbuthnot Latham in April* last year he promised to launch some new products aimed at stimulating the somewhat sluggish performance of the group in unit trusts.

This week he announced the first venture in relaunching the Arbuthnot Portfolio Trust under a new name Prestige Portfolio Trust and with some added features. *The relaunch* is likely to cause quite a stir since it introduces new types of charging both affecting both the investor and the intermediaries selling the product.

First the good news for the investor is that the initial front load charge on the Portfolio Trust has been cut from the normal five per cent to only 3.5 per cent. At the same time the annual management fee has been reduced from 2.5 to 1.9 per cent — a figure still well above the industry average but at least slightly more bearable.

In addition investors are offered "free" unrestricted switching between the sub-funds in the Trust. It is probably more accurate to say the switching is "commission free," since when you switch you sell the existing fund and buy the *new fund you want at a special* conversion price—an asset valuation calculated between the Department of Trade and Industry bid and offer price.

The number of sub-funds in the Trust has been increased. There are two extra geographical funds for Canada, and Singapore and Malaysia. Somewhat surprisingly in view of their recent performance a commodity and a gold fund have also been added to the portfolio. Because this is an authorised on-shore unit trust (a family of funds, according to Mr Collins) as opposed to an off-shore "umbrella" fund, the commodity and gold investments have to be in shares and not the underlying raw material.

Finally there is a special deposit fund, open only to existing investors in the equity funds. *You can switch into the* Deposit Fund at any time, possibly to protect yourself against falling stock markets, but the rate of interest is below money market rates and it is viewed only as a short-term measure. Annual charge for the Deposit Fund is cut to 0.75 per cent.

Possibly the most controversial feature of the new Trust is *that intermediaries, who would* previously have expected to earn commission on switches, will instead be offered an annual 1 per cent renewal fee.

Mr Collins, who claims that the present charging structure of the unit trust industry is still "in the dark ages," says that the annual renewal fee will provide independent brokers with regular income and should help them survive in the brave new world after the Financial Services Act where their very existence is threatened.

The renewal fee, of course, comes out of the hefty 1.9 per cent investors are charged, but it should discourage intermediaries from making unnecessary switches to boost their commission intake.

John Edwards

Eric Short asseses some recent pay-out declarations

With bonuses I thee endow

A *SIGNIFICANT* number of traditional life companies have announced reversionary bonus rates for 1986 and terminal bonus rates for this year, following the lead given by Norwich Union last month.

The pattern of declarations has been *predictable this time* round. Every company has maintained its reversionary *bonus* rates, *so no cuts* are likely this year. Almost all companies have made increases in *terminal bonus rates and some* of these increases are substantial.

A *minority of life companies* has taken the opportunity to consolidate the terminal bonus —not paid out until the policy matures or becomes a death claim—into the reversionary bonus form, which is guaranteed by declaring special reversionary bonuses.

The effects of declarations on investors with maturing with-profit endowments are shown in the *tables* for investment periods of 10, 15 and 25 years. The tables by no means cover the complete list of life companies which have made declarations to date.

Investors who took the decision many years ago to save *through a with-profits endowment*, and who have stayed the course, will find that their *patience and forebearance have* been rewarded, especially if they picked the right company at outset.

The return by Clerical Medical on a *10-year* endowment of £8,943 provides a return to investor of 17.3 per cent net of tax. *It ignores the benefit* that the investor would have had of Life Assurance Premium Relief and that the whole maturity sum is paid free of all taxes. In contrast £30 a month invested in a building society subscription share account over 10 years would have produced £5,628.

On a 15-year maturity, the £17,508 pay-out from Clerical Medical represents a 14.3 per cent net return, compared with the building society investment producing £10,683.

On these results alone, with-profit investment provides a much higher reward than building societies with very little extra risk, despite the traumas caused last year by the problems of United Kingdom Provident Institution.

However, despite these results life companies operating through independent intermediaries are seeing very little 10- and 15-year with-profits business. The market in with-profit endowments *is* linked almost entirely to the house mortgage market.

So it is not surprising that the biggest effect of the bonus structure occurs for 25-year contracts. *The increases in maturity* values look phenomenal. Nn equity market would show such *rises overnight*.

Now that life companies have to show standard bonus projections, which produce similar figures, they are concentrating on past performance figures as a marketing tool.

The return of £48,225 over 25 years from Clerical Medical represents a net return of 11.6 per cent. But even a £40,000 payout would give a yield *of* 10.4 per cent.

Laymen not fully appreciating investment conditions over the past 25 years may be puzzled by the higher yield on a 10 year policy compared with that on 25 years. The yield represents an average of investment yields over the investment period. Equity yields have been reaching their peaks in the past few months. Yields over the past 10 years have been far higher than those of 20 years ago.

A closer analysis of the tables show that some companies have made far larger increases than others. But in assessing this feature two points need to be borne in mind. First, some life company actuaries are giving much more consideration to maintaining their bonus rates for as long as possible in the face of lower interest rates bringing about a bonus cut.

Secondly, many life companies *keep their* terminal bonus rates paid on claims under constant review and *change these rates during the* year. A life company with a low maturity rise this time could *well consider reviewing its* terminal bonus rates in a few months' time.

Nevertheless, it seems evident that some life companies are endeavouring to close the gap between themselves and the top paying companies.

It has always been the case that *the top mutual* life companies gave far better returns than proprietary companies, where around 10 per cent of profits have to go to shareholders. This year, the gap between these two sets of companies is closing with proprietary companies, Commercial Union and General Accident Life, making massive increases, particularly at 25 years.

Under the Financial Services Act, an independent intermediary has to give best advice to his clients. There are fears that this will restrict intermediaries to recommending only the top five best performers.

Finally, there appears to be aberrations with certain companies. This can arise from a *variety of factors*—change in premium rates or policy fees 10 years ago, or a change in bonus *structure. For instance, the 10-* and 15-year policies of LAS (Life Association of Scotland) are *on the compound bonus* system with no increase in terminal bonus rates and the 25-year *on the simple bonus* system with a large change in rates.

Comparisons with payouts on maturities in January 1986 could well show steady increases by these companies. There are a variety of ways of making comparisons, but space does not permit more.

A complete review of the effects of bonus announcements will be made when the other life companies have made their declarations, particularly the leaders—Standard Life, Scottish Equitable and Scottish Widows.

COMPARISON OF MATURITY VALUES ON WITH-PROFIT ENDOWMENT CONTRACTS
MAN AGED 29 AT OUTSET, PAYING GROSS MONTHLY PREMIUM OF £30

(1) 10-YEAR TERM

Company	Maturing Jan 1987 £	Maturing Dec 1986 £	Change %
Clerical Medical	8,943	8,087	+10.6
Friends' Provident	8,577	8,557	+ 0.2
Norwich Union	8,431	7,922	+ 6.4
Scottish Life	7,819	7,549	+ 3.6
Commercial Union	7,529	6,840	+10.1
Sun Alliance	7,368	7,475	− 1.4
Scottish Provident	7,250	6,523	+11.1
GRE	7,121	7,468	− 4.6
Equity & Law	7,093	7,467	− 5.0
General Accident Life	6,812	6,461	+ 5.4
Scottish Equitable	6,519	6,429	+ 1.4
LAS	6,309	6,305	—

(2) 15-YEAR TERM

Company	Maturing Jan 1987 £	Maturing Dec 1986 £	Change %
Clerical Medical	17,508	15,808	+10.8
Friends' Provident	17,392	17,162	+ 1.3
Norwich Union	17,383	15,750	+10.3
Scottish Life	16,704	15,692	+ 6.4
Equity & Law	15,678	15,270	+ 2.7
Commercial Union	15,313	13,700	+11.8
GRE	15,012	15,401	− 2.5
Sun Alliance	14,985	14,960	+ 0.1
Scottish Provident	14,913	13,286	+12.2
General Accident Life	14,035	12,932	+ 8.5
LAS	13,431	13,406	—
Scottish Equitable	12,960	12,741	+ 1.7

(3) 25-YEAR TERM

Company	Maturing Jan 1987 £	Maturing Dec 1986 £	Change %
Scottish Life	48,837	43,288	+12.8
Clerical Medical	48,225	45,461	+ 6.1
Norwich Union	48,198	43,594	+10.5
Friends' Provident	47,539	46,497	+ 2.2
Scottish Provident	44,771	39,958	+12.0
Commercial Union	44,767	39,575	+13.1
Equity & Law	43,644	41,389	+ 5.4
GRE	42,619	41,068	+ 3.8
Sun Alliance*	42,348	42,105	+ 0.6
General Accident Life	40,900	34,868	+17.3
LAS	40,045	31,008	+29.1
Scottish Equitable	32,774	32,113	+ 2.1

* Composite figure

Contentious commission

WHETHER ONE likes it or not, commissions paid to brokers and intermediaries do have a big influence on the type of product sold to investors.

The unit trust industry has *consistently complained that* one of the reasons for the success of single premium investment bonds is that they pay higher initial commission and are, therefore, promoted more vigorously even if they are not the most suitable product for the particular investor.

The commissions committee of LAUTRO (Life Assurance and Unit Trust Regulatory Organisation) has been grappling with the problem of *"harmonising" commission* payments to agents over the whole range of financial products.

One of the major bones of contention has been the different commissions paid on sales of unit trusts and investment *bonds*.

At present, 3 per cent commission is paid to brokers on a *unit trust* sale. *But if* the investor's funds are switched from one trust to another, this counts as a new purchase, *and* a further 3 per cent is payable.

Bonds, on the other hand, earn an *initial* 5.2 *per cent* for the broker, but since switching is all done within the same product, there is no "switching commission."

LAUTRO's original proposals were that bond commission be reduced to 4 per cent initially, with a small renewal commission annually from years two to five. For unit trusts, it was proposed to retain essentially the existing commission arrangements.

The proposals have attracted a good deal of controversy. The unit trust industry would like to see a true "harmonisation" between bonds and unit trusts.

Whatever the outcome of the debate, most of those concerned *agree that* bond commissions are likely to come down, and unit trust commissions are not likely to rise. How then is "product bias" (more jargon) to be eliminated, without expecting all the movement to come on the bonds side?

This is where murmurings about reducing unit trust "*switching commission*" have started to be heard. To eliminate product bias between bonds and unit trusts, the argument runs, both should have a 3 per cent initial commission. There would be a renewal commission in the case of bonds (payable *whether* or not switching occurs), and a lower switching commission on *unit trusts*.

It is hard to say whether lower switching commissions would be welcomed by unit trust groups or not. On the one hand, they would discourage brokers from switching within the same group. This would be an unwelcome effect as far as the group was concerned, in that the investor's funds would be *lost* on switching. From the investor's point of view, the range of trusts from which the *broker was prepared to make* his choice would be reduced for reasons which had nothing to *do with investment considerations.*

On the other hand laying down rules about what sort of switching does and does not qualify might play havoc with brokers who want, quite justifiably, to keep clients' money liquid for a period between investments.

The problem of identifying switches with unit trust investments will probably scupper the lengthy deliberations in which the commissions committee is now bogged down.

Christine Stopp

• FINANCE & THE FAMILY •

Eric Short on the variety of retirement options for the self-employed

Pensions permutations

SELF-EMPLOYED people need to make their own pension arrangements because they will get no more than the basic flat rate pension from the State.

Last week, we discussed how much they can put aside for their pension arrangements with a life company and the tax reliefs on these contributions. Now we will consider the form of benefits under these pension plans.

Basically, with a self-employed pension contract the contributions paid over are invested by the life company and the individual uses the accumulated value of the contract to buy a pension. The self-employed have considerable flexibility in both the form and timing of the pension payments.

The pension can be taken at any time between the investor's 60th and 75th birthday, both days inclusive, applicable to men and women. There is complete flexibility in drawing the pension. The investor does not have to stop work to draw the pension, nor does the pension have to be drawn simply because he has stopped working.

The only qualification for drawing a pension is that the investor must have reached age 60—but there are exemptions for those in occupations where retirement is at an earlier age than normal, such as sportsmen. The only restriction is that the pension must be drawn when the investors reaches age 75.

The pension can be taken in a variety of forms—a recent article discussed the pension options available to the self-employed. He or she is not confined to buying the pension from the life company which issued the policy. There is an open market option under which the self-employed can take the accumulated cash and shop around *to buy a higher pension* from another life company.

The pension is taxed as earned income, with the life company deducting tax on the pension as basic rate, leaving the individual to make any further adjustments with a tax inspector.

Cash Benefit.

The self-employed have the option at the time of taking the pension to convert part of that pension into a tax free lump sum—an option that is universally exercised. This cash sum forms the basis of pension mortgage schemes.

The amount of pension that can be converted is such that the cash sum must not exceed three times the remaining pension. Thus the higher the annuity rate, the greater the proportion of the pension savings that can be taken as tax-free cash.

Since annuity rates increase with age, the longer the self-employed defer drawing their pension the higher the cash proportion. Needless to say, men can get more cash than women in identical circumstances because their annuity rates are higher. The following table shows the effects of these features.

TAX FREE CASH AVAILABLE FOR EACH £1,000 OF THE PENSIONS POLICY VALUE

Retirement age	Men £	Women £
60	303	282
65	325	297
70	355	319
75	397	351

Source: Equitable Life

The conversion of the pension into cash takes place immediately the pension is bought—another reason for shopping around to get the highest pension.

Death benefits before drawing the pension

This falls into two parts. First, there is the return on the pension policy itself, the benefit depending very much on the type of contract taken out.

With a unit-linked or unitised with-profit contract the death payment is the value of the fund. However, with a conventional with-profit contract, the investor has the choice of no return at all, return of contributions without interest or with a pre-determined interest rate or a return of the fund.

Second, the self-employed can use some contribution to provide additional life cover under a separate term assurance policy, known as a 226a contract, after the relevant section of the 1970 Income and Corporation Taxes Act.

The self-employed can pay up to 5 per cent of relevant earnings in this 226a contract. However, contributions paid into a term policy cut down the amount of money that can be invested in a pensions contract.

There is considerable flexibility in the length of cover period, except that it cannot continue beyond age 75 or after the pension is drawn, and in the method of paying the contributions. For example, both the pensions contract and the term policy can be written under trust so that payments on death are free of Inheritance Tax.

Free to choose

SOME EMPLOYEES starting a new job feel aggrieved at being forced to join the company pension scheme as a condition *of employment.*

Not only do they feel that this is an infringement by the employer into their personal affairs, they resent having their take home pay reduced by contributing to the scheme—money which they feel could be put to far better use.

Employers defend the compulsory stance mainly on the paternalistic ground that it is in the employee's best long-term interests. More practically, it is argued that in the years ahead, it is the employer to whom the employee or his widow turns in times of financial hardship.

However, the Government, in line with its general concept of freedom for the individual set out in the 1986 Social Security Act has decided that from April, 1988, membership of company pension schemes will be voluntary.

This aspect of the act, which in many ways was a side issue to the more radical changes included in the legislation, was the subject of heated debate in Parliament. The Government agreed to reconsider the question and has put forward a modification in the latest set of draft regulations* to the act, published this week.

It is proposing that employers could retain or make membership compulsory unless employees who opted out took out a personal pension for at least the minimum contribution. Employers would be able to check with the Department of Health and Social Security that an employee had a personal pension.

The Government is not backtracking on its freedom of choice proposals simply because of pressure from vested interests. It has its own reasons for the change.

Its overriding aim in the reform of the pensions framework is to reduce the numbers of employees in the State Earnings-Related Pensions Scheme (Serps). Presumably it thought that employees opting out of their employer's scheme would rush to set up their own personal pension arrangements.

A more likely scenario is one of employees refusing to join their employer's scheme but failing to make their own pension arrangements.

In this case, the employee would automatically be in Serps, thereby swelling rather than reducing numbers.

However, though employers were generally opposed to the ending of compulsory membership, they are not in favour of this modification either. To start with, it is not good industrial relations for employers to start checking up on their employees' activities.

Secondly, if employers are going to insist on employees having a personal pension, then they would be under an obligation to contribute to that employee's personal pension beyond the legal minimum.

Employers generally want either full compulsory or completely voluntary membership with no conditions. But what do employees want?

Little effort had been made to find out the views of employees in the general pensions debate. So now is your opportunity.

The regulations also set out proposals for disclosure of information to employees buying personal pensions. They must be given full details of the contract by the financial institution selling the plan—in line with the provisos of the Financial Services Act.

Secondly, they will be entitled to receive once a year details of the value of their personal pension plan and its transfer value if this is different.

However, spouses will only be entitled to information about the general details of the personal pension plan from the financial institution, providing of course they know from which institution their partner has taken it out.

Spouses will be informed of their benefit entitlement should their partner die while working.

* Copies of the third set of draft regulations can be obtained from DHSS Leaflets Unit, PO Box 21, Stanmore, Middlesex HA7 1AY. *Comments are* required by March 9 this year.

E.S.

• FINANCE & THE FAMILY •

Tax on second homes

Some years ago my wife *inherited a property in the* Lake District which we have been using as a second home. As our years advanced, we have found it more and more difficult to look after it and realise that in a few years' time we will reluctantly have to sell it.

Our problem is Capital Gains! The house was valued at £29,000 at probate about 10 years ago, and now should be worth *about £70,000.*

Our permanent home is the *one we elected for our domicile,* and we do not intend to sell this. *We wonder if it is* advitable to change our elected domicile to our Lake District house! If we do this, how long would we have to wait until we could sell it without having to pay Capital Gains?

It is a pity that you have missed our published replies to broadly similar questions, over the years. At least you would have known that a free pamphlet, entitled Owneroccupied Houses, is obtainable from tax inspectors' offices: ask for pamphlet CGT4. We have criticised this *pamphlet* — because it oversimplifies the intricate *rules,* for example — but it is quite useful as a starting point.

It certainly looks as though you and your wife should give notice to your tax inspector that her Lake District house is to be treated as your main residence, with effect from two years before the date of the notice. When the Lake District *house is eventually* put up *for* sale, you should jointly give a *further notice (on the day of* the sale contract) that your present house is to be treated as your main residence with effect from two years before the date of that notice: the solicitor who acts for you in the sale will be able to guide you through the CGT maze. The estate agent who acts for you will be able to give you an estimate of the market value of the house at March 31 1982, for the purpose of indexation relief, and to negotiate that value with the District Valuer, if need be. The cost of ascertaining the March 31 1982 value will be deductible *in calculating the gain for* CGT purposes (unless by chance that value proves to be less than the probate value).

Suppose, for illustration, that (a) the previous owner died on December 31 1976, (b) the market value at March 31 1982 was £50,000, (c) the cost of ascertaining that value is £100, (d) you give joint notice on January *31 that the house* be treated as your main residence since *January 31 1985, (e)* the house is sold by contract dated July 31 1989 *for* £70,000 net after expenses, (f) on that day you give joint notice that your present house be treated as your main residence since July 31 1987, and (g) the RPI for July 1989 is £430. The chargeable gain would then be £14,331:

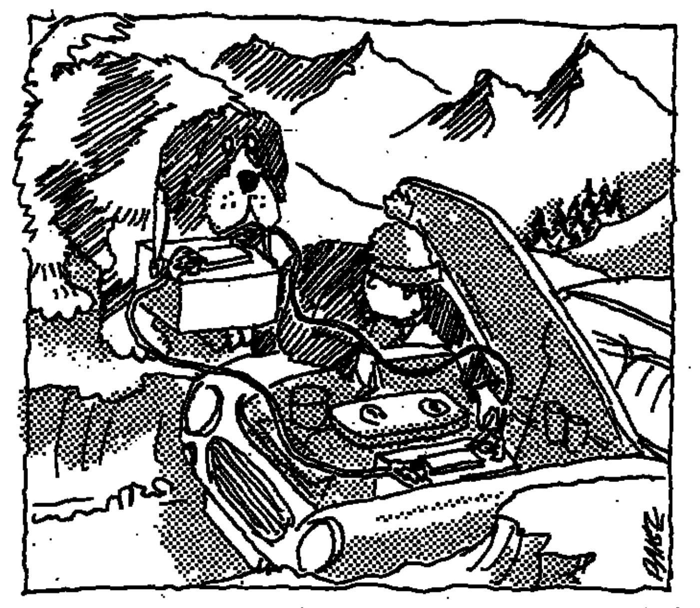
2,953/4,595ths of (£70,000 — £29,000 — £100 — 37.2 per cent of £50,000) = £14,331.

Cover your breakaway

IF IT is possible that anything good can arise from your car breaking down—or worse, injuring yourself—in the recent freeze-up, it can only be to remind you how much worse an accident would be on the holiday ski slopes.

Most people planning winter holidays will take out extra insurance. But what cover do you get? You might be covered financially, but recovering your money when you are safely back at home is of little comfort should you break down in freezing fog or be taken ill. What you need is a helping hand on the spot.

This, claims Mondial Assistance and Europ Assistance, both French-based *organisations,* is the role of an assistance company. As well as *offering* financial cover, they claim to be able to give prompt assistance throughout Europe to ensure, as far as possible, that you can continue your holiday without further trouble.



Mondial Assistance divides its *package into two parts: vehicle* cover and personal insurance. *The first offers roadside assist*ance, and if necessary a tow to *the nearest garage, and hotel* costs up to £100 per person. If *your car cannot be fixed on the* spot, it provides a replacement *vehicle up to £500 and repatria*tion of your car (up to its market value) and *yourself (up* to £250). All this costs £23.50 for 10 days and £27.00 for 17 days.

Mondial personal insurance, an optional extra, covers you for *anything* from loss of baggage to emergency return home. It includes £500,000 personal liability cover, £5,000 *personnal* accident, £250,000 medical cover and £1,000 compensation should your holiday be cancelled or cut short—all for £9.85 *for* 10 days and £11.85 for 17 days.

These are the standard terms for holiday packages, applying throughout the summer as well. But read the small print: you can multiply the cost by two and a half if you are going ski-ing.

To call on Mondial's assistance, you ring through to its *24 hours-a-day control centre* in Croydon, Surrey. From here, its multilingual staff, including a medical team, will arrange for *the nearest European agent* to deal with your problem locally. *Call them, they say,* even with a flat tyre.

Europ Assistance offers similar service and finacial cover, but with more emphasis on medical assistance. The personal insurance contract can be bought quite separately from the vehigle cover, with the option to buy medical cover only for £5.60 for 6-12 days, or medical cover plus personal travel insurance for £12.50 for the same duration. Ski-ing will set you back another £12.50, irrespective of the number of days on the slopes.

On the motoring side, both the AA and the RAC are major players offering assistance in Europe through their affiliation with the Alliance Internationale de Tourisme.

The AA insured about 750,000 UK drivers touring abroad last year, claiming to offer Britain's leading travel insurance package. The AA 5 star vehicle and travel security plan, costing £25.25 for 6-10 days (plus £3.00 for non-members), includes roadside assistance, spare parts, hotel accommodation (up to £17.50 *per person per day),* additional travel costs (up to £500) and unlimited legal expenses.

The AA personal security plan is optional. Notable for its *unlimited medical and emer*gency repatriation cover, it will *cost you £9.10 for six to 10 days* — multiplied by two, however, *for skiers.*

The RAC's equivalent vehicle cover costs £25.25 for 10 days with a £2.50 discount for members. The RAC also offers personal protection, calling on the service of Europ International for medical and emergency repatriation facilities. *The* personal cover costs £11.50 for 10 days, plus £15.00 for skiers.

But perhaps the RAC's best offer is its Eurocover Premier protection. For a fixed tariff of £90.00, this provides up to £3,000 to select individual vehicle and travel benefits as you wish — car hire, repairs, hotel and/or travelling costs — plus personal insurance cover for up to five passengers for a month. There is one big draw back: it is only valid in France and the Benelux countries — it is no good for the Austrian and Swiss Alps.

Rebecca Stephens

• BRIEFCASE •

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Close the account

I have seen with interest occasional references—including the article "Tax perk for gas buyers" in your columns on December 6—to the loophole in the 1985 Finance Act enabling a capital gain "loss" to be *established* on a building society share account.

In my case I have had an account *going back a number of* years. It has been used fairly *actively, but the average* holding has been in five figures. I am likely *to* incur a capital gains charge in the present financial year.

During the next few weeks I expect to run the account down to a very low level to provide bridging finance to my son. Because interest is added annually on May 1, I would prefer not to close it down completely, as John Edwards suggests, since this would bring forward to the current year a higher rate tax liability.

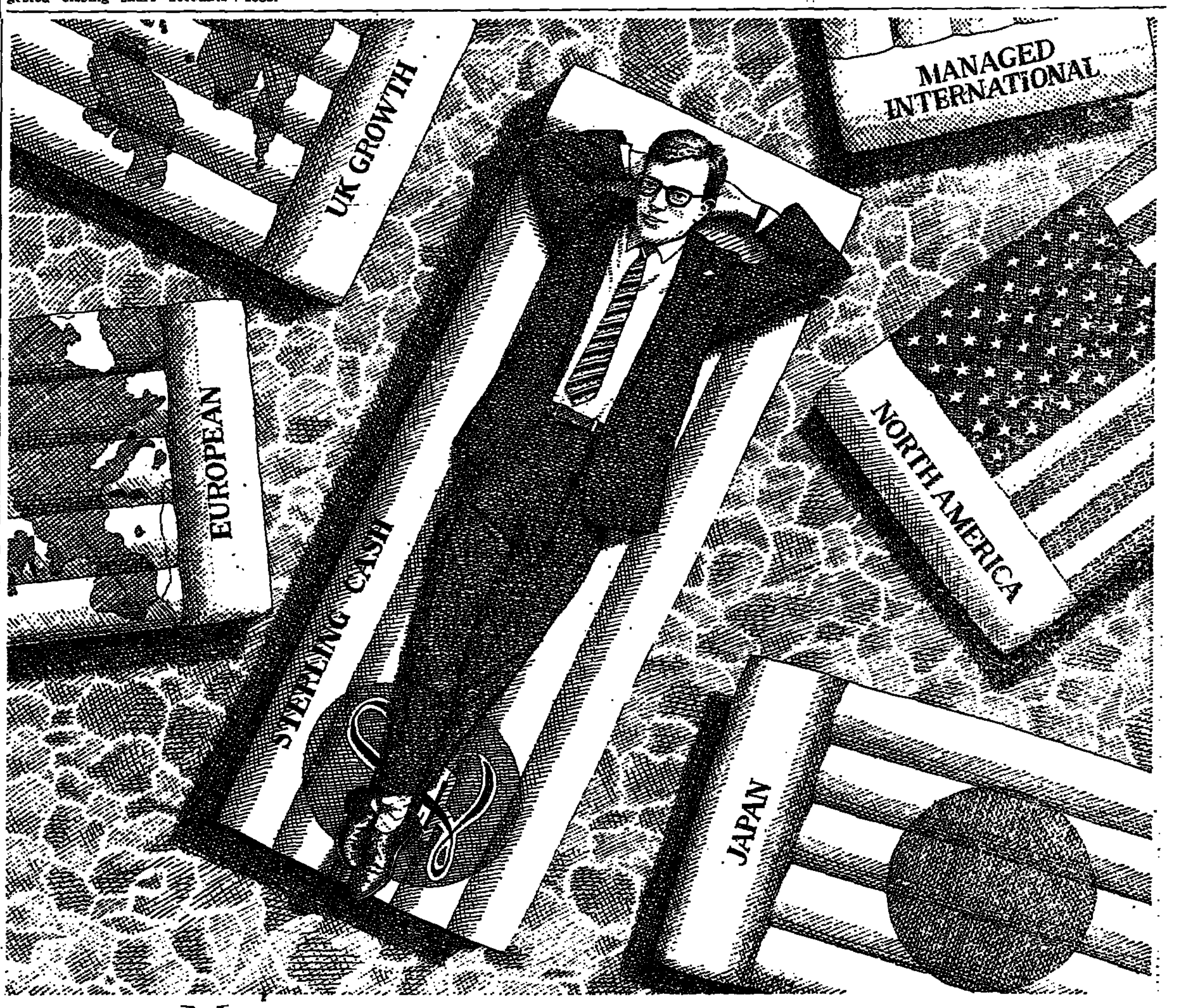
Thinking of the way in which CGT is applied to a partial disposal of a share holding, is *the closing of the account a* necessity?

Presumably, *in order to* establish the size of the *indexation loss, it will* be necessary for me to evaluate *each deposit and withdrawal of* capital back to April 1982. This *will be onerous.*

John Edwards' article was based upon a newsletter issued to clients of Capel-Cure Myers, as he mentioned, so it reflected that firm's opinions. It suggested closing share accounts this year simply in order to secure maximum indexation relief, in case the Chancellor alters the law in his March Budget — because they think that the allowance of losses on redemption of building society shares is an unintended loophole. In fact, we on the Briefcase panel were not surprised *that the Chancellor did not* exclude building society shares from the scope of his indexation changes in the 1985 Finance Act; we think that the allowance of losses on redemption of building society shares was intentional (because building society shares have been within the scope of CGT ever since its introduction on April 7 1965) and so we do not expect the Chancellor to change the *law on this point. Only time* will tell which of us is right. *In the Briefcase column,* of course, we only deal with questions raised by readers (and others who take advantage of our free advisory service): if anyone had asked us 18 months ago about indexing the cost of building society shares, we should have confirmed that they are indeed covered by the general principle in section 86 (4) (c) of the Finance Act 1982 (as amended in 1985) "if the unindexed gain or loss is nil, there shall be a loss equal to *the indexation allowance."*

Although the CGT rules laid *down by Parliament for build*ing society share accounts are *onerous,* it is only fair to point out that they are far less *onerous than* those for foreign currency bank accounts (under section 135 of the Capital Gains Tax Act 1979, which taxpayers have had to cope with since April 6 1967). In your case, it certainly looks as though the prospective saving of CGT justifies the time you will have to spend with your passbook and a calculator.

Do not forget in claiming that, where (after your pool of shares acquired since the end of 1981-1982 has been exhausted) a withdrawal is deemed to be a part disposal of your pool of shares acquired before April 6 1982, the indexation relief should be based upon the market value of the shares at March 31 1982 (which will reflect the accrued interest at that date), in accordance with section 68 (4 and 5) of the Finance Act 1985.



Country Property

John Brennan on mortgage perils for people who over-borrow

Loan sharks bite owners

A new residential town outside Tokyo helps to ease the acute housing shortage

"AS MANY AS 20 per cent of home buyers are driven to borrow from loan sharks because of excessive home loan commitments."

Some 13.2 per cent of robberies resulting in a murder are a direct result of difficulties caused by repaying money borrowed from loan sharks.

Five in 10 of the documented cases of robberies carried out by police officers on active duty in one city were motivated by loan repayment problems, in each case because of over-commitments in buying a home.

In a representative sample of mortgages, over 70 per cent of borrowers in the capital city had home loans that cost more than a fifth of their annual salary to service, and one in four face loan repayments accounting for over a third of their income. Even that does not give a true picture of these home buyers' real commitments, because six in 10 had opted for low-start mortgages which will become increasingly expensive in later years, and this is at a time when owner-occupied properties in urban areas are *falling* in value by an estimated 4 to 6 per cent a year, making it impossible for these borrowers to sell their way out of trouble.

If that sounds like evidence that the prophets of doom in the housing market have been proved to be positively optimistic in their warnings about over-commitment in face of a prospective collapse in prices, readers in Europe and the US can relax—for the moment.

The reports come from Japan. From the National Police Agency, from analysis of Economic Planning Agency figures, and from surveys conducted by the Housing Loan Corporation—the world's largest housing finance group.

It is a country where—as Mark Boleat points out in his excellent comparative study, National Housing Finance Systems—land costs, and so house prices are, "very high in relation to average incomes by international standards. A three-bedroom house in the suburbs would cost perhaps five to eight times average earnings." The latest UK price-to-earnings ratio, by comparison, is now 3.74, and that is well up on its normal 3 to 3.5 range.

Even with standard mortgage interest rates less than half their UK equivalents and tax relief on home loan interest payments, the average Japanese buyer has to borrow more to live in less, and an increasing number have to supplement standard mortgages with high cost personal loans to move from rented accommodation despite saving solidly into their mid-30s.

The "less" is being tackled by a national programme aimed at upgrading the quality of Japanese housing. Tetsuo Kondo, who holds full cabinet rank as Director-General of the Economic Planning Agency, recently commented that, although Japan's "Export or Die!" policy has: "encouraged a national lifestyle that does not know the two-day weekend or long vacations . . . despite this hard work, many Japanese live in cramped houses to which they would be embarrassed to invite foreign friends."

Now, with the yen's progressive upward revaluation against the dollar throwing the economy out of gear—and creating the domestic deflation that has led to falling property prices—the Japanese government plans to put resources into housing big enough to create new home markets.

Minister Tetsuo Kondo explains, "In the past, housing policy tended to emphasise social concerns. We built a large amount of houses to replace housing lost in the war. As a result, we now have 38m houses for 35m households. From those figures it is apparent that there is no housing shortage in Japan today, merely a shortage of quality housing. Therefore our new housing policy must place weight on quality rather than quantity."

The economic reasoning is clear-cut. Housing construction stimulates demand across a broad range of other businesses, and: "Living in a bigger house also means having more space to put things. People will have room to instal new household appliances and furniture, and to replace old possessions. No matter how much you encourage people to buy there is a limit to what they can purchase when they live in houses that are too small."

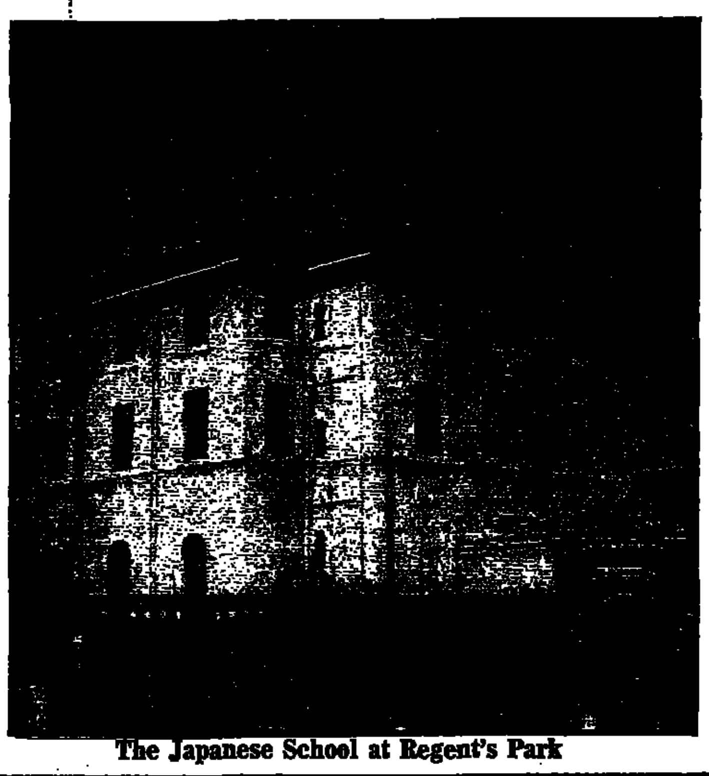
According to national figures compiled by the Prime Minister's Office, at the moment the average home for the 62.3 per cent of owner-occupiers in Japan has 4.74 rooms, with a total floor space per home of 927 sq feet. But in the cities, in Toyko and Yokohama for example, the average number of rooms drops below four, and the floor area to 724 sq ft. That would not be regarded as over-generous for a two bedroom flat in London, and might just pass muster as a decent studio apartment in New York.

Professor Iida Tsuneo of Nagoya University looks through the national averages in his comment that: "In the rural prefectures housing is quite adequate . . . the graduates of elite universities living in Tokyo must put up with worse living conditions than any other group in Japanese society."

Japanese Yuppies also figure large in those surveys of over-borrowing home buyers, paying Y23-Y24m—not far off £100,000 at current exchange rates—for a condominium apartment with, on average just over 590 sq ft of living space. An average house in town, complete with its 4.74 rooms, can cost £180,000 upwards for precious little extra living space.

Setting aside frivolous thoughts about this as an explanation for Japan's success in the miniaturisation of stereo and video equipment, the mirror image of young, high earners on both sides of the world committing an increasingly large part of their income to home loans repayments only cracks against the disparity in capital values in Japan and in the west. Japanese apartment blocks are commonly depreciated by 3 or 4 per cent in value each year, and the switch from low inflation to low deflation within the domestic economy has helped to increase the gradient of the downward curve in values.

Here, the very idea of depreciating older property would put the agency world into a state of apoplexy. And as long as high, often joint, earnings keep pace with the repayments, inflation continues to bail out housing finance commitments that would otherwise look decidely ambitious.



The Japanese School at Regent's Park

Profitable school

The tenders flowed in. The buyer has been chosen. The future of the Japanese School at 1 Gloucester Avenue, close by Regent's Park, London, N.W.1, will be revealed when the completion documents are signed at the end of March, giving the school time to make its move to Ealing.

Knight, Frank & Rutley, who handled the sale of the half an acre of house and grounds, retain discreet silence over price, purchaser and possible eventual use of this former convent. But underbidders confirm that the charity which acquired the property ten years ago as a school-away-from-home for the growing Japanese community in London, will have significantly more than £1m towards the costs of their new base.

As for the corner site itself, familiar to anyone heading for the Park or the Zoo through the Regent's Park's north eastern entrance at Gloucester Gate, the scope for change is restricted by Camden's planning brief, which considers it a key feature of the Primrose Hill Conservation Area; such a visible part of the wider sweep of villas leading to the Park that "the main portion of the building should be retained." Camden also regards the chapel building on the site as a valuable part of the building form and skyline of the area.

Otherwise there is scope for redevelopment in keeping with the importance of the site. In their final months in the school, Japanese students will have the pleasure of gazing out upon the new owner's pencil-chewing architects as they ponder possible solutions to this balance of restrictions and potential.

J.B.

London Property

The price of a farm— is recovery in sight?

The Financial Times proposes to publish an article which will take an in depth look at farming prices in the issue of 14th February.

Full and spot colour advertising facilities will be available at the following rates:

Full Colour: £35 p.s.c.c.

Mono: £25 p.s.c.c.

Spot Colour: Mono rate plus £65 per colour

To find out more call:
Charles Ping on 01-248 5284
or
Carol Haney on 01-439 0030

New Homes

Overseas Property

Rentals

• PROPERTY •

Cold comfort for the cowboys

"ROCKABILLY" music is on permanent full blast from a plaster-splattered tranny, and *the cowboys are hard at it.* A few miles away in Whitehall the civil servants charged with drafting some workable method of outlawing the cash-only builders would have been there tidying their desks for the evening rush home. On site, the bricky's mate was trying to keep warm by throwing bits of broken plasterboard into the skip. He earns £25 cash a day, and was not planning to turn up after Friday—when all three of the builders get paid—if it got any colder. The bricky normally gets around £80 a thousand laid, he has had £110 a thousand on a good site when they are in trouble, and cleared £400 a day before now. But you do not get those jobs too often.

But on this job—as he is, by default, acting site foreman, staff negotiator, and general chef de construction, as well as the only one able to get trade price on the endless bits and pieces the house conversion job entails—anything as straightforward as bricklaying comes as a relief. He is in for £250 a week in his hand, plus a bonus that he has yet to sort out in detail with the boss. It is a living, and it is indoors—*or more or less* indoors—for the winter.

Third man is trying to make a reconstruction of the top floor windows. He is a joiner who became a roofer by trade. But you know how it is. Now he is *doubling up on the general building work.* There is no call for joinery these days. Last job was following the builders around on a housing estate making sense of the doors they had hung in a rush, and windows made of timbers that warp before they are even fixed. You would not believe the stuff they use on *some of these big sites. At least* you can cut and fill the rot in these old houses. He scrapes

clear a section of window that he had just primed—redwood, timbers that probably came into the London docks in 1880, and still more solid than the stapled softwoods you will see on sites now.

A tea break taken on the job—the light is going and it's too cold to keep still—the grounded joiner-roofer is coy about cash. Yes, he is working, that is the main thing.

It took him seven years before they'd let him use a plane when he'd been an apprentice ... they don't believe you when you tell them nowadays. He'd worked on *staircases that had not a nail or* a screw in them, just fine joinery—works of art. They don't care about that now, so he'd gone roofing with his brother, but you need *local authority* work for that; people won't pay for a proper job.

The brickie worked for the authorities, he still does. And he'd done some time at Dockland sites this year, but there's nothing steady.

His mate hasn't ever worked. Not officially. But you've got to do something, haven't you? They get a long queue down at the Labour and you get people complaining that they'd better hurry up or they'll be late for work—you've got to laugh.

The boss? He's doing three *houses down here. Done well.* The banks pull his arm off if he wants to buy an old one and divide it, because they go straight off the For Sale boards—before that sometimes, because people come in when they see the place is being done up.

You've got to pay cash, or you'd never get them out fast enough. He doesn't do the building any more, but he'll lend a *hand if the lads need help.* They look doubtful.

Cowboys? Too many of them about. They've ruined the business. Guarantees to buyers? "Kite" marks for builders meeting recognised standards? On the job training? Home loans only on properties built by "reputable" builders? The government plan for outlawing cowboys hasn't percolated to this site, where Mrs Thatcher is regarded as a good thing by the boss, brickie, and joiner-roofer, although subject of a cautiously dismissive grunt by the mate, who has learnt the political wisdom of avoiding politics outside the pub.

You can't become a business*man and get bogged down in all* the paperwork. Free enterprise, that's the thing, isn't it? Well, here it is in action, and the buyers don't want all that kite mark stuff. The banks are happy enough. You have to stop them *giving you loans.*

The boss has to get off. He's got some people to meet. There's an old church hall that's on offer and it's got town houses written all over it. The lads automatically knock off as his Range Rover turns the corner. It's 6.45. They've been at it since 8. It is a cold, dark Tuesday and it's been trying to rain all day.

In cowboy territory the tranny is switched off. The brickie in this section of the black economy is reluctantly lending a fiver to his temporary mate who hasn't got the bus fare home....

John Brennan

SIGNBOARD

£3,333 a foot for a Thames river frontage would be a bargain on the basis of some recent Dockland's land deals. Two miles up the river from Henley that price offers *you a more placid outlook* from Eyot Wood, Lower Shiplake, Oxfordshire; a fully modernised, six-bedroom Edwardian country house complete with its own boathouse and slipway—and 180 ft of riverside. Eyot Wood is just 40 miles from central London; about 40 minutes by road to London, Heathrow. Andrew Hay, of Knight Frank & Rutley (on 01-629 8171) and John Dempsey, of A. C. Frost-Prudential (0753 840266) are looking for offers over £600,000 for the freehold.

• STRUTT & PARKER warns that the steady rise in residential values throughout 1986 in the East Midlands country house market may be running out of steam. With the prospect of a General Election, "we expect residential values to re*main steady,* with *perhaps a re*duced market over the election period."

• *COSTAIN HOMES have man*aged to negotiate the move of the Northampton Golf Club course to a proposed new 18-hole course at Harlestone to make way for an 800-home estate. Subject to planning approval, the 108-acre site of the *old course* will produce a net 70 acres of building land set amongst a number of artificial *lakes* and *landscaped areas.* The balance of the land will be retained as Public Open Space.

• *THE FORMER* Manor House at Rufforth, now "The Old Vicarage," was built for—and *occupied by—the Lord Mayor of* York in the 1730s. An eight bedroom classic Georgian property in an acre of garden, the house lies five miles from York (two hours by Inter-City to London Kings Cross); 22 miles from Leeds. Charles Lawson at Savills York *(0904-20731) is looking* for offers over £160,000.

• AFTER Chelsea Harbour, the Emerald City? The success of the P & O-Bovis development of an eventual 460 flats and houses at Chelsea Harbour bodes well for Regalian's 280-home solution to the "Green Giant" site on the south of the river by Vauxhall Bridge. An estimated realisable value of £60m for properties in the formal village design envisaged by architect Terry Farrell puts price averages out into the £200,000 to £250,000 range, a slight south bank discount against the P & O-Bovis averages over the water.

• FINANCE & THE FAMILY •

Louise Patten reveals the scale of data-based credit assessment

Big Brother scores again

"THERE must be some mistake," murmured Jake as he fingered the crocodile leather dressing-case on the counter in front of him.

Never—since he had made his first half-million as a reinsurance broker—had he been so humiliated. That he, with a flat in a chic London Dockland development and a C registration Bristol Beaufort in the garage, should be turned down for credit . . . in Bond Street. He decided to find out why, and by whom his creditworthiness had been found unsatisfactory.

Three weeks later Jake was just beginning to comprehend the scale of personal credit assessment in the UK, not only in terms of the sophistication of access to data, but also the sheer volume of information held on individuals. He had discovered that there are a handful of agencies in the UK whose business is to collect credit information on all of us. This information is then sold to banks, retailers, credit card companies, finance houses and so on who offer personal credit facilities, to help them decide whether or not to grant credit to an individual.

As a result of recent legislation building societies are now allowed to expand beyond their traditional business of taking deposits and lending against mortgages into other areas, including personal credit. Organisations ranging from estate agents to foreign banks are also eyeing the personal sector as a potentially lucrative market for lending. This growth in the availability of personal credit will inevitably increase the need for good credit assessment.

Having discovered the existence of agencies who collect and sell credit information, Jake's next move was to scour the provincial towns where the main credit reference agencies are located until he found an employee of one of the agencies willing to talk to him. Kate was a chatty supervisor from one of the main credit agencies, who was only too happy to explain what data was held.

She explained that the main agencies all have big computer installations loaded with the electoral role, which gives the name and address of every voter in the country. This allows clients of the agency to check that credit applicants actually live where they say they do. As the electoral roll goes out of date fairly rapidly — people move home — it is usual for a credit applications form to ask for a former address from people who have moved within the previous two years or so.

Jake began to have an inkling of why he might have been rejected for credit. As the very model of a high-flying spiralist, he had moved home regularly over the past five years; he suspected that he was not on the electoral roll at either his present or his previous address. However, Kate explained, this would not necessarily be a reason for outright rejection of a credit application if the applicant were able to produce satisfactory proof of identity and where he lived.

Credit reference agencies also hold details of any County Court judgments awarded against individuals. Normally, Kate said, such a judgment record, even one made several years ago, would be grounds for immediate rejection of a credit application. In addition to County Court judgment details, Kate explained that there is an increasing exchange of information between companies on their credit experience with their customers. So, for example, a customer holding a store account card from one retailer might find his application for credit from another, unrelated company rejected because his account on the first card was in arrears.

To be fair, Kate said, this exchange of information was often positive; a customer who was "marginal" in terms of most credit criteria might be granted credit by a company as a result of another company finding him a good credit customer.

Jake wondered whether increasing swapping of information about the credit-worthiness of individuals might not eventually lead to one or two enormous central data-bases holding the entire credit history of every adult in the UK. It would, he reflected, be almost impossible for anyone with a bank account, a credit card, or any of the normal financial impedimenta of modern life to avoid registration on such a central data base; the only way to dodge would be to use cash exclusively, never using any kind of credit.

As well as collecting basic data on the electoral roll, County Court judgments, and information shared between companies, certain agencies also offer clients a highly sophisticated analysis of census data which allows credit judgments to be made on the basis of the area the credit applicant lives in. Detailed descriptions can be given on areas as small as individual postal districts. Using census data and subsequent surveys, each postal district is classified as one of a large number of housing types which range, for example, from "high-rise, council-owned tenement" to "high-status, owner-occupied suburban" to "rural village."

From the point of view of the credit granter, residential classifications can be a valuable indicator of credit-worthiness; an applicant from a high-status suburban area would obviously be regarded as a better risk than an applicant from high-rise tenements. But neighbourhood classifications are arbitrary; they cannot take into account the one grand house in an otherwise poor district. The Archbishop of Canterbury, for instance, might find his credit status negatively affected by the area Lambeth Palace is located in. Jake's flat in the Isle of Dogs, which cost over £250,000, might well cause him to be classified as a "poor credit risk" *because of the* neighbourhood. As neighbourhood classifications are primarily based on census data (though updated by subsequent surveys), a long period between censuses may mean that areas recently "gentrified" may be underrated in credit terms. (Conversely, inhabitants of areas of declining status may be viewed as a better credit risk than they may warrant.)

Jake had heard the phrase "red-lining" used for certain streets or even whole neighbourhoods flatly rejected for credit. He asked Kate whether she knew of any areas that were "red-lined." Even the voluble Kate would only say that red-lining was a very sensitive issue. But she added that she was pretty sure that the experience a company had with your neighbours would affect your own credit rating, and that some otherwise high-status *neighbourhoods, which might* be down-graded in curedit terms if they showed a higher than expected volume of bad debt.

It was not until some weeks later that a chance remark made Jake realise that, so far from getting to the bottom of how personal credit is assessed, he had only skimmed the surface. Personal credit scoring is the way in which companies offering credit take the yes/no decision of whether to accept or reject an application for credit such as the one Jake had made. "Scoring systems" have largely replaced traditional ways of granting credit where each application was reviewed individually, and a judgment made—often with a personal interview too. Judging every application individually has become impracticable for most companies offering credit; applications are too numerous and take too long to process. Also personal judgments may be *biased, whereas a computerised* scoring system is impartial.

Scoring systems work by alloting "points" to various details of the information gathered on a credit applicant from his or her application form and from the credit reference agency. The company offering credit will have a "pass" score. Above this, applications will be accepted; below, rejected. This pass score will be fixed by the company in a trade-off between rejecting as few applications as possible (particularly important where applicants are already customers—for example, a bank's current account customer applying for a loan) while keeping credit losses at an acceptable level.

If credit losses are high, the company will usually charge high interest rates to compensate. This means that "good" payers are in effect subsidising "bad" ones. Most scoring systems are completely computerised: processing the application will often mean no more than keying in the credit application form details. The system will then scan the application details, automatically obtain additional information from a credit reference agency, and calculate whether or not the application achieves a "pass" score.

More sophisticated systems will even send, automatically, a rejection letter to customers who have not reached the pass score—or send an acceptance letter and other credit details (such as a credit card) to approved applicants. The terminal operator who keyed in the application may never know which applications were accepted and which were rejected.

Certain facts about an individual, Jake discovered, make her or him more or less likely to be a good credit risk. A credit application form seeks these facts. There will be considerable variations on the weighting given to each answer, depending on what type of credit the application is for; because of this, companies offering credit will all have different scoring systems.

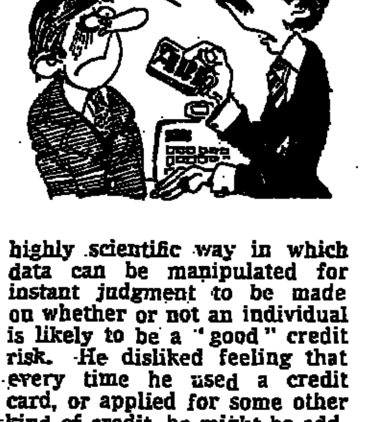
For example, a retailer selling to teenage girls will probably weight a home telephone number very highly, because this implies that the girl has both a stable address (possibly still at home) and has paid her telephone bill. On the other hand, an applicant for a high status charge card will be assumed to have a telephone, and other factors such as age, and type of residence, will be weighted more heavily.

Simply by picking up a few credit application forms from banks, card companies, retailers and finance houses, and looking at the questions, Jake could deduce which factors are important in credit scoring. Name and address are always asked—not just for obvious reasons, but also so that the company offering credit can obtain data on the applicant from a credit reference agency. Home telephone number is normally asked for because this can be an important indicator of residential stability and payment ability. Date of birth or age is normally asked for; for many companies the age of an applicant is vital in judging the credit risk.

Jake felt concerned that computerised credit-scoring, like any other arbitrary system, does not allow for individual exceptions. Credit scoring systems can do nothing but assess the risk of an applicant being a "bad" payer or a "good" one on the basis of information fed into the computer. By any traditional, more personal method of measuring credit-worthiness, Jake would surely merit a very *good rating*: a high-income-earning, property-owning, stable sort of chap; a member of the meritocracy. But because he moved house frequently and lived in a poor area, Jake had been deemed to be a bad risk. Moreover, rejection of his application for credit would also mean that he would probably find it difficult to get credit from any other company using an automated credit scoring system to judge its applicants.

Jake was determined and persistent. He thought it likely that by making direct contact with the company which had refused him credit he would get them to reverse their decision. But then he would probably have to go through the same process with any other company using credit scoring — they would all be likely to reject him on the same grounds.

Jake felt not only somewhat aggrieved, but also distinctly uncomfortable about the existence of vast data banks of credit information on all of us, and the highly scientific way in which data can be manipulated for instant judgment to be made on whether or not an individual is likely to be a "good" credit risk. He disliked feeling that every time he used a credit card, or applied for some other kind of credit, he might be adding to the store of information already held on him. As he pondered this, he remembered that on a recent business trip to the US he had noticed that it was fashionable to pay with cash.



Not a few Americans now carry high denomination notes in money clips rather than credit cards, perhaps because they also are concerned about the data on record about *individual credit-worthiness* and spending habits.

Jake came to a decision. While he could not remove his name from the existing data bases that held it, he could at least try not to contribute any further information about himhelf. That afternoon, he bought a gold money clip. He paid for it in cash.

Detail from Trois Danseuses, Degas

Who wants Old Masters when modernists will do? **Antony Thorncroft** looks at art sales

Deep impressions

WHAT A difference a week makes! The art market began its 1986-87 season in August in a reflective mood with prices at sales showing no great appreciation. When a really fine work of art came under the hammer it did well but generally trade was uninspired.

Then, suddenly, in London, Sotheby's and Christie's held their main Impressionist sales and the market went wild: £30m was spent in five days in December. This followed equally impressive auctions in the same sector in New York. The figures tell all. Between September and December Sotheby's and Christie's, by far the dominant forces in the business, increased their sales by 56 per cent over 1985, to a mammoth £539m.

As a result, the Art Market Bulletin, produced by Sotheby's to provide an investor's eye view of art, recorded its first appreciable jump for some time in its Index of the 10 main sectors: up from 431 in December 1985 to 508 a year later. (The 100 base is September 1975).

Impressionists were the powering force behind the increase — up from 487 to 628, although modern paintings (which start, apparently, in 1900) showed an even greater rise, up from 467 to 656, suggesting more sophistication in the market — in essence buyers are moving on from pretty impressionist landscapes to grapple with the more demanding works of the 20th century: a highlight of the sales was the £6.6m paid at Sotheby's for "Femme lisant" by Braque, a record auction price for a painting from this century.

To a great extent it is the paintings of the Impressionist and later period which have given the lift to the art market. Other areas, such as Old Masters, continental furniture, and continental ceramics have produced only modest price appreciation. This hardly matters to the auction houses: Impressionists and moderns are the investment market par excellence, accounting for almost a third of their total turnover.

Most rich people who become seduced by the idea of spending *some of their wealth on works* of art choose these areas. They are accessible, decorative, and *above all tradeable. You can* wait 10 years for a decent painting by a revered Old Master like Rembrandt to appear at auction but Monet or a Renoir pops up at every sale.

Perhaps the most surprising feature of the boom is the re-establishment of London as the *centre of the international art* market. Its position had been challenged by New York, and *over a season there has been* little to choose between the two cities. But suddenly London has *asserted its traditional pull.* Around a half of all the works offered at Sotheby's and *Christie's in London come from* abroad: the buyers might be in the US and Japan but the sellers *are the connoisseurs of Europe.*

Of course economic factors lie behind the price rises. Spiral*ling stock markets provide a lot* of the cash, but the key has been the supply on to the market of some very fine works of art tempted out by the high prices of the previous season; the chances of death—executors provide much of the business in the US—which can make or *break the profitability* of the auction houses; while at least one major collection has been *sold because of cash flow* problems.

As well, changes in the US tax system, which are soon to be introduced, increase capital gains tax from a maximum of 20 per cent to 38 per cent, and obviously there was selling ahead of the change. On top of all these *influences there is the* inescapable fact that there are now collectors of art who regard it as an *investment* and who think that now is a good time to sell.

Just as there are calculating vendors so there are shrewd buyers. The most noteworthy aspect of the art market is that *relatively few of the nouveau riche* spend their surplus wealth on the cultural heritage—after *all it gives them immediate, if* second hand, class, beautifies their homes, and can be a good *investment. Too much money* is still squandered on houses, gambling, yachts, and women. *But there are enough new* collectors to provide a buzz to the main auction, and, unlike *some other opportunities for* spending riches, the art market is completely international: *there are always people making* fortunes somewhere.

The importance of currency *fluctuations is paramount.* Between the autumn of 1985 and that of 1986 the yen appreciated by around *33 per cent against* sterling and the dollar, while the Deutschmark and the Swiss *mark showed a 29 per cent* gain.

This means that while art *prices might seem to have risen* appreciably when quoted in pounds or dollars, to Japanese and some continental buyers it is going cheap. There were many Japanese bidders at the Impressionist and modern sales, as well as traditional Swiss and German buyers. At the same time the US presence was hardly dimmed: the dollar might be in the doldrums but American business, and Wall Street, are creating many paper fortunes.

The pre-Christmas boom has undoubtedly increased confidence in the 1987 art market. *There are few worries about* the level of demand, although a sudden recession would have an immediate knock-on effect. The real worry of the auction houses is finding enough top quality goods. The message is unequivocal. A really first class work of art is certain to fetch a very high, probably a record, price. There could not be a better time for Christie's to be offering, on March 30, one of Van Gogh's "Sunflower" canvases—the largest of the seven on the theme, and one of only two outside museums. It should break every auction record and top £10m.

William St Clair on tall tales for toadies

Brandy snappish

ON THE lips of economists, the word "anecdotal" is usually perjorative. Individual *examples, they rightly point* out, may not be typical of the whole. It is risky to argue from the particular to the general, and not just because you are liable to be sued for libel. The existence of a few well-authenticated stories about Guinness, Morgan Grenfell, Lloyd's, and a dozen or so *other City organisations does* not necessarily show that dishonesty, corruption, and untamed greed are widespread.

In biography, things are seen differently. Anecdotes are the best evidence you can get. Nothing offers greater vividness and conviction than a selection of typical incidents which build up to a total picture. Without anecdotes, the famous men and women of the *past lie as lifeless on the page* as they do in their graves.

James Boswell transformed the whole art by filling his "Life of Johnson" with notes of the Doctor's conversations in many of which he had participated. Although he was an innovator, he was, however, also adapting a long tradition of recording wit and wisdom delivered across the dinner-table, known as table talk. To emphasise the point, not long after the appearance of Life, an enterprising publisher extracted the best stories and published them separately as Dr Johnson's Table Talk.

Anecdotes of Sheridan's table talk were printed under the name of Sheridaniana. Swift *had his Swiftiana. There were* Popinana, and Addisoniana. From Walpoliana we learn that Sir Robert Walpole used to say that "It was fortunate so few men could be Prime Minister, as it was best that few should thoroughly know the shocking wickedness of mankind."

When dinners began in the middle of the afternoon, there was time to linger over the wine before breaking for tea and going on to supper. Leigh Hunt, who published his own table talk, theorised that, since the mouth was used both for drinking and speaking, it was best to keep the two functions closely related. But the charm of such occasions does not always survive transfer to the printed page.

The greatest talker of the early 19th century was Samuel Taylor Coleridge. He *could* keep going for hours with no need for encouragement or contradiction, *although he did* enjoy a brandy or two before he started. Several people who heard him *wished that every* word had been written down for posterity. Others found him a pompous bore.

Dr Johnson: table talker

If you read his table talk, as printed after his death, it is possible to appreciate both points of view, but it is easier to skip the tedious bits on the printed page than it was in the author's company.

After Boswell's success, famous people were acutely aware that they were liable to *be turned into -ana and they* adapted their table talk accordingly. Some were delighted to *find somebody* to listent to them. Others felt intruded upon. Almost everyone who met Lord Byron, however briefly, immediately filled his notebook with every detail he could remember, with a view to subsequent publication. The result is that we can hear Byron's voice in his various moods more clearly than that of almost any other figure from the past.

But the reports of his conversations have to be read with care. Byron disliked creeps and teased them mercilessly. With a straight face, he would recount the tallest of tall stories. The game was to see how much the *prospective Boswell would* swallow. Bamming, it was called in the slang of the day, *short for bamboozling, or humming*, short for humbugging.

To one visitor, he chatted about his adventures in the catacombs of Paris, a town he had never been to. When an *Italian peasant woman with a* baby waved at him, he told his companion in a confidential *whisper that he was the father.* "There is no story too improbable for the craving appetite of our slander-loving conutrymen," he told a pushy lady before inventing a few more for her benefit. All these anecdotes were duly recorded and eventually printed.

Toad-eaters, as they were known in the slang of the day, would swallow anything, and not *only metaphorically*. One visitor at his dinner-table was persuaded to pour fish sauce over his apple tart and then say how much he liked it. But he got his Byroniana.

The father of English table talk is John Selden, a politician who spent four years in the Tower of London in the 1630s, as punishment for the outspokenness of his views. His "Table Talk Being the Discourses of John Selden or *his* Sense of Various Matters of Weight and High Consequence" *was put together by his adoring* secretary and published in 1689, after his death.

It is divided into sections, one for each letter of the alphabet: Abbeys through Damnation to Women and Zealots. Each section has a few words of comment or advice, mostly on things Selden wished he had been able to say more forcibly when he was alive.

I admit that, minor classic though it is, Selden's book is too ecclesiastical for my taste. But I will try to take his advice *on one point*: "In *quoting of* Bokes quote such authors as are usually read; others you *may read for your own* Satisfaction, but not name them.".

Saleroom

Silver streaks away

ANYONE WHO wants to be dazzled should move sharply to the Dorchester Hotel where the 1987 International Silver and Jewellery Fair has just three more days to run. *Very little* that glisters may be gold but there is enough silver gilt, ostentatious centrepieces, dinner services, candlesticks, in fact every shape conceived in the *silversmith's mind, on* display to number the senses. The prices are pretty dazzling, *too.*

There has been a steady decline in the amount of top quality silver coming on to the market in the past decade, with an inevitable inflationary effect on prices. This Fair is one for the dealers and the well-heeled collectors, often American, but many of the 38 exhibitions wisely carry items down to £100 to match their blockbusters, like the pair of Paul de Lamerie tureens from the Thanet dinner service which Koopman's is offering for £400,000.

Some of the major pieces are old friends, familiar from their journey through the salerooms. The tureens were part of a dinner service which sold for a record £750,000 at Sotheby's, and on the same stand there is the toilet service made for the *Duke of Dorset in 1743 which* Christie's in New York disposed of last year from the Patino *collection for £68,750. With* Koopman's guarantee it is priced now at £150,000.

Although other grand names —Asprey, Garrard, Axel Vervoordt and Wartski—are among the exhibitors, and the costly looking stands might deter the casual browser, all the dealers are prepared to, well, deal, and there could be discounts for the confident prospective buyer, committed to buying a Valentine's Day present or a Christening gift. But undoubtedly it is the big items, often with an aristocratic provenance, that dominate the eye.

Like the five piece silver gilt *mirror plateau which was pre*sented by George III to the Earl of Londonderry on his appointment as Ambassador at *the Court of Vienna*, on offer at ADC Heritage. Like the Russian jewellery of Princess *Elizabeth of Greece*, for sale by Trianon. There might not be quite so many Middle Eastern buyers these days for the ornate silver-gilt pieces but it undoubtedly helps to live in the grand style, and in some splendour, to be able to set off many of the ostentatious objects on offer.

What saves this Fair from being a rich man's pleasure *ground* is the loan exhibition which is one the popular theme of treasure trove, and displays jewellery unearthed from archaeological sites and from below the sea—personal jewels *from the gentry* on board the Armada ship the Girona which went down off the Antrim coast.

Another worthwhile feature is the series of 12 lectures which helps to turn collectors into connoisseurs. The *speakers* include Vivienne Becker on Lalique and art nouveau jewellery; Shirley Bury, ex-V and A, on Queen Victoria's jewels; Michael Clayton of Christie's on *pre-Civil War* English silver; and Graham Hughes on the post-1945 renaissance in British silver and jewellery design. Such events successfully offset the gaudiness of the Fair.

With all these silver addicts in town Sotheby's has been quick to slot in a good auction on Thursday to mop up any spare cash. There has been a marked absence of quality goods around in recent months so the dealers, who are by far the major buyers at the saleroom, should be out in force.

The choicest item on offer is a silver tea caddy made by William Vincent in London in 1771, with fine engravings of *oriental scenes on all its six* sides. Tea caddies are in demand; chinoiserie is popular *appealing to any refined* collector who wants a beautiful object rather than a confirmed *silver freak*. It could top its £10,000 upper estimate.

Such an early centrepiece (it is dated 1803), is rare, and the item becomes even more of a talking point among committed collectors because it carries the makers mark Rundell, Bridge & Rundell. The second Rundell has always been credited with joining the family firm in 1805. For many years this "Jamaican" plate, with its engravings of palm trees and the sea, was thought never to have been made, despite the 1,000 guineas voted for its cost. But now it can be yours for £30,000 plus.

There are two good tankards in the sale, both old friends of Sotheby's. A Charles II tankard *of 1670 sold there for £360* in 1961 but now has a £5,500 top estimate while a Queen Ann *tankard with a lion thumbpiece*, which went for £600 in 1966, is expected to sell for up to £5,000.

Antony Thorncroft

CHESS

NIGEL SHORT meets world champion Gary Kasparov in a six-game *mini-match* next week. Play at the London Hippodrome is on 4-5 February before an invited audience, and the time limit is 25 minutes per player per game. The match will be televised and shown on Channel 4 later in the month.

On FIDE's newly issued 1987 world ranking list Short has risen to No. 8. The top eleven are Kasparov 2735, Karpov 2710, Sokolov and Yusupov 2645, Korchnoi 2625, Ljubojevic 2620, Hubner and Short 2615, Portisch 2610, Spassky and Tal 2605. Other *highly placed* British grandmasters are Chandler 2595, Nunn 2585, Miles 2565 and Speelman 2550.

At the age of 21, Short is some 14 years or more younger than the other leading non-Russians headed by Korchnoi. He is practically already established as the West's main hope *to break the long duopoly* of Kasparov and Karpov.

Short is currently competing in the *traditional* Hoogovens annual at Wijk aan Zee in Holland. He defeated Korchnoi in the first round and took an early lead with 3/3. Wijk finishes this weekend, and the latest positions are available from the tournament's recorded information service on 010 31 2517 4480. Every half point that Short scores above 7/13 will mean an extra five points on his FIDE rating.

*The young British grand*master's hopes in next week's match will be boosted by his *recent* win over Kasparov at Brussels and by his impressive victory in the 1986 Joshua Tetley British Quickplay at Leeds, where he defeated all his eleven opponents at a time limit of half an hour a game.

Kasparov, however, is a powerful world champion, his game bursting with creative energy. Short admits that "he sees much more than I do, and is very fast in calculation." In *three to five years from now*, Short plans to have honed his own game enough to be a real *match for the Russian*. At the moment, Kasparov can outclass the best in the world, as in this win from Brussels. Playing the black pieces, John Nunn was willing to settle for a draw, and chose a reputedly ultra-solid defence. Kasparov *still* found a positive counter, and established a winning attack scarcely out of the *opening*.

White G. Kasparov (USSR). Black: J. D. M. Nunn (England) Grunfeld Defence (Brussels Ohra 1986).

1 P-Q4, N-KB3; 2 N-KB3, P-KN3; 3 P-B4, B-N2; 4 P-KN3, O-O; 5 B-N2, P-B3; 6 N-B3, P-Q4; 7 PxP, PxP; 8 N-K5!

If *8 0-0? N-K5! equalises at* once. Black's difficulty after the game move is that the natural 8 . . . N-B3; 9 NxN, PxN; 10 0-0, B-B4 gives a static backward pawn weakness.

8 . . . P-K3; 9 0-0, KN-Q2; 10 P-B4, NxN?

Missing the strength of Kasparov's twelfth; better P-B3.

11 BPxN, N-B3; 12 P-K4! PxP; 13 B-K3, P-B4.

Nunn tries to gain piece activity, but the opening of the KB file favours White.

14 PxP en passant, RxP; 15 NxP, RxR ch; 16 QxR, NxP.

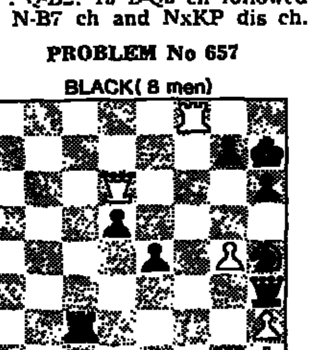
If 16 . . . BxP; 17 BxB, QxB ch; 18 K-R1 when if Q-N2; 19 N-B6 ch, K-R1; 20 N-K8, or 18 . . . B-Q2; 18 R-Q1, Q-N2; 19 RxB.

17 R-Q1, P-K4; 18 N-N5, Resigns.

White's Q-B4 ch and N-B7 ch is a decisive threat, for if 18 . . . Q-B2; 19 B-Q5 ch followed by N-B7 ch and NxKP dis ch.

PROBLEM No 657

BLACK (8 men)



WHITE (6 men)

M. Chandler (England) v S. Lputian (USSR), Foreign and Colonia Hastings 1986-87. *Materials is about level*, but Black (to play) has a decisive attack. What is his correct win*ning move? Be careful*—grandmaster Lputian got it wrong.

Solution Page XIX

Annalena McAfee visits the lively city of Berlin and finds it also has its quieter side

Welcome to the cabaret

THE PORTLY American with the toupee had foregone a week in the Caribbean for a brief trip to this wintry European city. "You're going *where?*" his friends had asked incredulously. By the end of his stay he was satisfied that he had made the right decision. He'd take Berlin over the Virgin Islands any time.

Its climate may not be as alluring but the city is so rich in cultural and historical associations that boredom in Berlin is as unlikely as frostbite in Tortola. The city's name alone was deemed evocative enough to have been adopted by one recent chart-topping rock group.

There is the "divinely decadent" Berlin of Christopher Isherwood's Sally Bowles—echoed today in the numerous raunchy night clubs, transvestite revues and in West Berlin's claims as a 24-hour city. It is an acknowledged European centre for theatre, music (both classical and jazz) and the visual arts.

There is the Berlin of the thriller writers who celebrate the unique position of this inland island, marooned in the Soviet bloc and circumvented by the Wall. The city, which marks its 750th anniversary this year, was also the focus of some of the fiercest fighting of the Second World War.

Today, elegant old ladies with rococo hairstyles walk tiny dogs along Kurfurstendamm, as they might have done in the paintings of George Grosz. Thomas Wolfe, the American author, described Kurfurstendamm as the longest coffee shop in Europe, and shades of the old cafe society are still to be found along this wide, affluent thoroughfare. Coffee in the Cafe Krantzler is as refined and contemplative an experience today as it must have been in the 1920s.

Despite this strong sense of tradition and historical continuity, little of the old Berlin remains. Three quarters of its buildings were destroyed in bombing raids during the last war. Reconstruction and recent rebuilding in the graceful old style have helped the city visually on both sides of the Wall, but can result in curious statements like that uttered by one East Berlin guide: "On your left you will see a historical residential area, which we are in the process of building."

The old and new are brought together in unashamed contrast in Kurfurstendamm where the tower of the old Kaiser-Wilhelm Memorial Church, now a cracked husk, looms over its squat new replacement. From the outside, the octagonal modern church, studded with what appears to be dark industrial glass, recalls a nuclear bunker. Once inside, though, feelings of gloom are banished as the walls are revealed to be made entirely of stained glass in shades of indigo splashed by fragments of glowing colour. The visitor has a sense of being alone in a swirling cosmos.

Further along the Kurfurstendamm, more temporal gratification can be found in KaDeWe, one of the largest department stores in the world. Marvel at the magnificent displays, particularly in the top floor food hall. You may, however, think twice before buying anything but trifles: Berlin is not a cheap city. Real bargains, music scores and books (of little interest to those who read neither music nor German), are to be found on the other side of the Wall.

In the West, inexpensive pleasures can be found at the flea markets. At Nollendorfplatz, for example, amid old books, toys and postcards you can have your photograph taken — in cleverly faded sepia — in the costume of a Victorian ingenue, grandee or dowager.

The zoo in West Berlin is a dangerous place to go if you're operating a tight schedule. Its handsome grounds and architectural eccentricities are seductive enough even without the enormous collection of animals. Here bison live in Red Indian-style reservations complete with totem poles, and giraffes spend their nights under the blue cupolas of a mosque, purpose-built for them in the 19th century.

Even on the briefest trip to the city, there is a compulsion to cross the Wall. This can be done through the underground railway or the S-Bahn (overground) train, but be prepared for long queues at the East Berlin checkpoint, particularly in the early evening. Travelling this way, you will be obliged to hand over DM 25 in exchange for 25 East German marks. Black marketeers may offer you five times that exchange rate as soon as you step on East Berlin soil, but unofficial transactions are not recommended. The advantage of travelling by rail is that you are free to wander East Berlin alone, making your own comparisons and drawing your own conclusions.

The best way to see a lot of East Berlin in a little time is to take a tour bus. This will take you through Checkpoint Charlie where, after passport formalities, currency declaration and a thorough search of the bus, you will find yourself in Unter den Linden, the tree-filled former bridle path which leads to the Brandenburg Gate. Tours include the French and German cathedrals, the restored Opera House, the futuristic TV-tower, and a visit to the Pergamon Museum with its eponymous altar and a stunning azure-tiled Babylonian processional way.

A longer (seven hour) tour is offered to the marvellous baroque town of Potsdam, which appears to have been preserved by neglect rather than by conscious conservation.

The trip includes a visit to the palace and park of Sanssouci, the magnificent summer residence of Frederick the Great. In winter, the melancholy spirit of the park is enhanced by the grey frost-proof boxes which encase the many statues like vertical coffins. Voltaire stayed in the palace, in a room with walls covered in painted, carved monkeys, exotic birds and garlands of flowers. Nearby is the New Palace, where sandstone statues crowd the roof like would-be suicides.

West Berlin's answer to these baroque splendours is the Charlottenburg Palace, which houses paintings from the collection of Frederick the Great including works by Watteau, Chardin and Boucher. Charlottenburg's elegant park gives a taste of West Berlin's least-known attribute: its greenery. Nearly a third of West Berlin is covered by forests, meadows, parks, rivers and lakes, giving a sense of space and freedom in an area technically under siege. For a city which has been described as the Manhattan of Europe, Berlin has a decidely bucolic aspect. It will take more than a single weekend break to uncover all that this city has to offer.

● TRAVEL DETAILS: German Tourist Facilities offer long and short breaks to Berlin with four flights a week. Prices per person for three nights from Friday to Monday, including fares, breakfast, and twin-bedded room, range from £198 for the de luxe Kempinski Hotel, which has a swimming pool, in the heart of Kurfurstendamm, to £168 for the Residenz Hotel, also centrally located. GTF, 184 Kensington Church Street, W8, 01-229 2474, will also arrange bus tours with Berlin company Severin & Kuhn.

● USEFUL BOOKS: Berlin Arts Guide by Irene Blumenfeld (Art Guide Publications, 147 pages, £5.95). This is a comprehensive directory of museums, galleries, concert halls and theatres in East and West, with insights into the cultural scene and details of the more Bohemian cafes and night clubs.

Nick Baker

Liza Minnelli, as Christopher Isherwood's Sally Bowles, bestrides her "divinely decadent" Berlin

WEEKEND FT BREAKS

The road to Marrakesh

MOROCCO is one of the few Mediterranean countries which cater for tourists yet continue largely unaffected by the pernicious effects of mass-market tourism. It takes just three hours to fly from London to Casablanca, the most convenient starting point for a tour, but forget all about Bogart and the sinister *demi-monde* of imagined vice. Modern Casa goes to bed at a *frugal* hour, and the night spots are few and unsophisticated and well below international standards. More serious is the surprising dearth of reasonably-priced restaurants offering good local food, though Chinese and Vietnamese cuisine is well represented.

It is best to pay one's respects to Casablanca (or Dar El Beida) and move on to the empty Moroccan hinterland — out perhaps to the imperial cities of Fez and Marrakesh, two rivals ghich symbolise respectively Morocco's Arab-Islamic inheritance and its Saharan-African traditions.

The modern part of Fez, the *nouvelle ville*, is spruce and well endowed with comfortable hotels, but the glory lies within the ancient walls of the medina, an impenetrable maze of souks exuding the evocative aromas (and less appetising smells) that form the sensual background to travel in the Maghreb.

Fez is a treasure house of splendid mosques and palaces, but its *pièce de résistance* is probably the royal palace — impossible, alas, to visit even when the King is not in residence. With its magnificently decorated pavilions and audience halls and its reflecting pools set among gardens modelled on the Generalife at Granada, the palace stands comparison with the Alhambra as a superb example of Hispano-Moorish architecture.

Marrakesh is a more rumbustious city. It's hub and heart is the famed Djmaa El Fna, a huge square (or more accurately, triangle) which is market, theatre and circus rolled into one. Costers and knick-knack sellers vie with acrobats, musicians and dancers for tourist dirhams, while pestiferous under-age touts press their dubious services as guides. Add to this the rhythmic banging of drums by black Saharan dancers, the sinuous skirl of the snake charmers' pipes, and the sheer heat and dust and you get some idea of the intense if tawdry excitement of the show.

Djmaa El Fna, Assembly of the Dead, could hardly be a less appropriate name for such a lively and colourful spot but it was here that a particularly ruthless potentate used to display the severed heads of his enemies. The worst punishment a tourist can expect nowadays is to have a cobra wrapped around his or her neck, as recently happened to an American woman, for failing to tip its keeper after photographing (or appearing to photograph) the swaying reptile.

As one of nature's sybarites, I found the coast welcome relaxation. Agadir is easily the most developed spot, and offers splendid sea bathing. It is not only one of Morocco's finest beaches, but the only one on the Atlantic well protected against the perilous problem of undertow.

The town has been rebuilt in an open, airy (and earthquake-proof) way, with lots of shopping precincts and piazzas—there was a disastrous earthquake in 1960. The airport receives a steady flow of package flights, but tourists still merge unobtrusively into the scenery. Hotels are numerous, and generally offer good value, though our hotel insisted on playing the kind of honky-tonk muzak which managements all too often assume essential to their guests' comfort and well-being.

The fortified desert oasis of Tiznit, some 57 miles south of Agadir, provides an interesting day's excursion. Surrounded by a crenellated red wall and partly shaded by palm groves, Tiznit's souks sell handsome (if heavy) silver Berber bracelets and brooches. The road back to Casablanca lies through the fishing port of Essaouira (formerly known as Mogador), one of the most unspoilt places on any Moroccan itinerary.

TRAVEL DETAILS: Several companies offer packages in Morocco including: Thomson, Enterprise, Cosmos, Seagull and Morocco Bound. Information Moroccan National Tourist Office, 174, Regent Street, W1 (01437 0073). Creative Leisure Management, 4a, William Street, Knightsbridge, SW1 (01-235 0123), offers fly-drive holidays from £199 to £320 for seven days.

David Rudnick

Stuart Marshall enthuses about diesel virtues

Lower costs

ONE of my New Year resolutions was not to go on about diesel cars again until the Budget had come and gone. But, having forecast at least 75,000 registration in Britain last year, I could not resist reporting a final figure of 77,649, or 4.1 per cent of the market.

In 1985 it was 66,181 registrations for a 3.6 per cent market share. Although diesel car sales went up by 17 per cent last year, the 4.1 per cent share is nothing to boast about by comparison with most mainland European countries. When company cars are not handed out to all and sundry and the vast majority of motorists pay for their own fuel, diesel penetration tends to be in double figures.

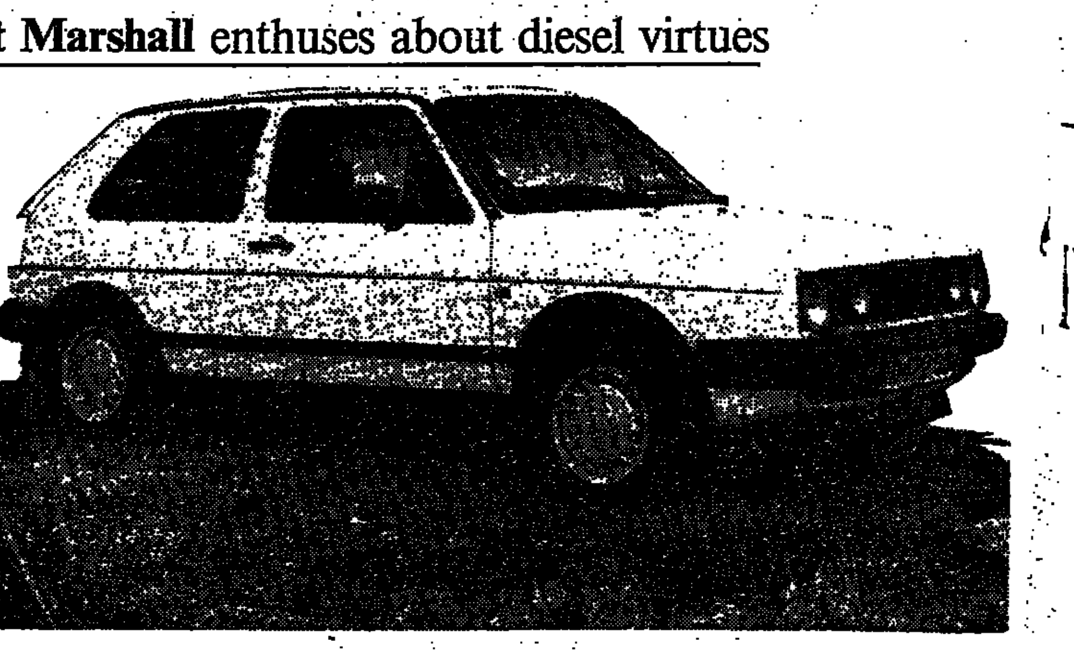
But, as British fleet managers are convinced of the economic benefits — and as private motorists also get the message that diesels are cheaper to run and more reliable than petrol cars—their market share can only go up.

After dipping in mid-year diesel registrations as a porportion of the total 1986 market rose steadily, reaching 5.96 per cent in December. It is early to start making forecasts for 1987; at best one can only make an informed guess. However, a similar increase to last year's would bring the total to about 90,000.

I think it will be higher, with perhaps as many as 100,000 registrations. Rover Group's Montego with a two-litre direct injection engine arrives in late Spring and promises to be a sparkling addition to diesel car ranks. Citroen, whose BX was the best selling diesel car for several months last year, would have sold more if only the cars had been available. This year, they will be.

On past form, the Chancellor will increase Excise Duty on motor fuels in March but will preserve—or even increase—the 14p per gallon differential favouring diesel. For several months diesel has been between 15p and 25p a gallon cheaper than four-star. A repetition of last summer's petrol price war could, of course, dent the fuel cost-saving argument. Probably the oil companies were sufficiently bruised last year not to want to indulge in another suicidal rush to keep up filling station throughput even if it meant losing money on every gallon sold.

That being so, it looks as if the financial advantages of running a diesel car will continue to grow in 1987—and so will their members.



FOR A Volkswagen Golf to be worth well over £11,000 on the road, it has to be rather special. The GTi16v I am now using (pictured) looks almost the same as any other 3-door GTi (£9,248) but there are some important differences to account for the much higher price of £11,217.

Its 1.8 litre engine has 16-valve head which boosts the power from the normal GTi's 112 bhp at 5,500 rpm to 139 bhp at 6,100 rpm. Overall gearing is lowered slightly to exploit the 16-valve engine's willingness to spin up to high revolutions. The performance is electrifying, with a claimed maximum of 130 mph. It is said to accelerate from a standstill to 60 mph in 7.9 secs but that would not be on a wet road. Over-eager use of the loud pedal then produces massive wheelspin. Even on dry roads, there is a tendency to unruliness when accelerating hard in the lower gears as the 60 series tyres fight to retain grip.

The GTi16v feels a hard-muscled kind of car, with rapidly responsive steering, great reserves of cornering and roadholding and a firm but not uncomfortable ride. An average fuel consumption, VW says, is 32 mpg.

I find the all black interior, relieved only by some grey seat trim, almost oppressively sombre and power steering (a £498 extra) would be appreciated when parking. Equipment includes central locking, tinted glass and steel sunroof—but why not screen-wipers suitable for right hand drive?

For me, the Golf GTi16v would be improved by a less severe interior and, especially, by the addition of Syncro transmission with permanent four-wheel drive. It is a point I have made before, but dividing almost 140 hp between four tyre contact patches, not two, has a calming effect on a potent car in slippery conditions.

Mazda's 16 valve, turbo charged 148 hp 1.6 litre 32[illegible] 4x4 has all-wheel drive and costs £10,999 for the standard model, £11,750 for the Lux which makes the Golf GTi16 look expensive.

The price of cleanliness

THERE CAN be few things filthier than a car that has been used for several weeks on roads swimming in slush and salt.

When the weather was at its freezing worst the automatic car washes were out of action. Now that there is some point in cleaning off all the grime, it is hard to find a machine without a queue of cars waiting to go under its spray jets and whirling rollers.

Having a carwash machine on the forecourt in my part of Kent must be like the ideal answer to cash flow problems. I know of only three automatic washes within 15 minutes' driving time of my home. There used to be three reasonably accessible hand-held pressure washes, which are even better for getting corrosive muck from under the wheel arches though not quite so good at producing a grime-free body.

But one was banned by the council because of spray drift nuisance; another has been removed from the garage by a new owner; and the third seems to be out of use whenever I need it. As a result, the automatics are never idle.

Lucky are the motorists of West London. They can go to the Bizzy Bee site at Howie Street, off Battersea Bridge Road, for a £5 steam clean, while you wait. A car valeting professional squirts hot jets into the parts that other car washes do not reach. As the *Guide Michelin* used to say of two-rosette restaurants, it is worth a detour to those who care about their cars.

According to Motor Trader, there are nearly 3,000 car washes in Britain and the total is growing by 10 per cent each year. If anyone is listening out there, I reckon Tunbridge Wells would be the idea location [illegible] one of this year's 300 new [illegible]

It would appear to be [illegible] growth business because [illegible] one British motorist in five [illegible] uses a car wash whereas in [illegible] many, 40 per cent of [illegible] owners do so regularly. W[illegible] must be why one rarely se[illegible] dirty car in Germany.

I gave up the bucket [illegible] sponge several years ago [illegible] now drive nearly five [illegible] from my home to fill the [illegible] of my own car because the garage in Southborough h[illegible] excellent multi-programme wash.

There was a time when I felt that car washes dam[illegible] paintwork. Providing they [illegible] up-to-date machines, they [illegible] been found to do less harm [illegible] the bucket and sponge, [illegible] tends to retain grains of [illegible] and leaves paint under [illegible] microscope looking li[illegible] volcanic landscape.

DIVERSIONS

Europe's elaborate old ceilings and panels are being restored.

Gerald Cadogan appraises Europa Nostra's work.

Love among the ruins

EUROPE is busier than ever at restoring its old townscapes. This week Europa Nostra (EN), the federation of European conservation bodies, announced its 1986 award winners. There were five medallists, as last year, but 30 diplomas of merit (as against 25 previously), and a great increase in candidates to 250 (163) — a most encouraging sign.

The entries show an extraordinary amount of hard work, devotion, skill and imagination across the continent to rehabilitate the building stock of our towns and villages. Before and After pictures fill the files. Dry rot is dealt with; reinforced steel joists go in; hacked plasterwork is redone to give the buildings the fragile richness of its original relief decor. And everywhere old buildings find new uses.

At first it is surprising, when we pride ourselves all on our different national ways of life, that the new uses are so often the same; from Spain to Sweden old buildings are being made into culture centres and museums. On second thoughts it is not a surprise. Across late 20th century Europe we have now similar attitudes. It has become the thing—and one which looks like staying — to value antique buildings, and not just antiques.

The Europe Nostra Awards highlight the strengths of the conservation movement, encourage it and show what its trends are, whether it is horror of rot, sentimentality, fear of change masquerading as love of the traditional, a genuine love of the heritage, or a desire to cock a snook at the self-consciously new, or the realisation that the new may cost more.

This is the ninth year of the Awards, for the first time sponsored by American Express. They may be given as much for single buildings—even cottages—as for the conservation of whole parts of towns and cities. There are fewer entries and awards, for conservation of landscapes, although that is an eligible category. That may change in 1987, which is the European Community's Year of the Environment and the Council of Europe's Year of Rural Heritage. Switzerland's sole 1986 award is rural, for consolidation, flood control and afforestation over 15 square miles in the Reuss valley, where the river had done damage for centuries.

The 16th century palace of the Counts of Sastago in Zaragoza heads the medallists. With cloisters, galleries, staircases and elaborate ceilings, it reminds one of Italian palazzi and exemplifies a trend—showpiece restorations of town mansions. Other large town houses honoured with diplomas are in Copenhagen (54 Bredgade), Limerick (Bishop House) and Coimbra, Portugal (Palacio di Sobre Ribres).

Two places of *fin de siècle* glitter win diplomas: the 1895 Grand Opera House in Belfast (now owned by the Arts Council of Northern Ireland) and the 1896 Hotel Hermitage in Monte Carlo (owned by the Société des Bains de Mer).

Places of religion and education are another group. With an apparent surplus of churches and chapels across Europe, two awards go for 13th century buildings; a chapel in Villeneuve sur Lot and the Katherinenkloster in Nürnberg —the new public library. A small monastery in Vienna (Gentgasse 10) has been restored for parish offices and flats, and the former synagogue at Rendsburg in Schleswig Holstein (the second of the five medal winners) for a culture centre and Jewish exhibition.

The 15th-century clergy house of San Giovanni Bianco at Bergamo has kept its holy uses. Less piously, part of a Carthusian monastery at Cazalla de la Sierra, Seville, has become a luxury hotel — a second entry for a future Conservationists' Hotel Guide. And a diploma also goes to the old Lord William Grammar School (1569) in Thame, now an office building owned by Estates and General.

Forts and barracks are still of value, and the Property Services Agency and the Army come out well. In Berlin the castellated red brick Smut Barracks (1885), a (British) army educational centre and library, gets a diploma.

In Scotland the formidable Fort George at Ardesier, Inverness, wins the third medal. Built for George II's army by Lieutenant General William Skinner after the '45, and complete with magazines, stores, bakehouse, brewery and chapel, it followed the ideas of such great military architects as Vauban and was meant to be a bastion of the English rulers of Scotland. It is still a working barracks, with high standard accommodation for the troops.

In Austria, Schloss Lichtenau has been restored as a special school and in Luxembourg the Château de Bourglinster as a cultural centre.

The fourth and fifth medals go for parts of towns. Kalmar in Sweden has a large project of restoring waterside buildings in the city centre, such as mills that stopped work in 1957. There are now offices and flats —the old public baths made nine flats—and a museum, of course. But it is a sound scheme, designed to make a complete and active, if historic, milieu, and not just to show isolated buildings and landmarks.

Stadhersel Ltd of Amsterdam is the other medallist for its 30-year programme of safeguarding Amsterdam and at the same time providing reasonably priced housing and buildings of social use. With the support of the Ministry of Culture and of 63 shareholders (such as the City of Amsterdam and the Dutch National Bank) it has obtained 300 listed buildings and so far restored 200 of them. It works like a housing association.

The diploma winners for parts of towns and villages stretch from Phikardou in Cyprus through Speyer and Grossweingarten—what a name—in Germany, to Stockholm, Monyash and Longnor in the Peak District, and finally Whitehaven in Cumbria (with considerable funding from British Nuclear Fuels). Single buildings honoured are in Germany (Jork), Norway (Drammen) and Madrid, where 9 Plaza de las Cortes has become an annex for the Cortes.

Bourn Mill in Cambridgeshire, probably Britain's oldest windmill, gets a diploma. Another monument of industrial archaeology is the 18th century cobalt mine and blue porcelain factory at Amot in Modum, 50 m from Oslo. Its cobalt went as far as Japan and China, and to Limoges, Meissen and Stoke.

Three winning projects are very much the work of their owners. Aksel Skov has restored his thatched cottage on the island of Rømø in Denmark. Built in 1737 for a whaler going to Greenland, it was listed in 1982 after restoration, for being so typical. Robert Clow and his wife have taken their Aiket Castle in Ayrshire, a 15th century tower house, back to its early 17th century (and pre-Georgian) silhouette. And the painter Nikos Ghika and his wife win a diploma for landscaping at their house in Corfu—pebble mosaics, walled gardens, a bust of Byron and a place where Patrick Leigh Fermor could write much of Between the Woods and the Water.

With such a range Europa Nostra honours our Europe.

Bourne Mill, Cambridgeshire

Picasso's bequest

NESTLED deep into green and sun-drenched Mediterranean hills, the tiny village of Vauvenargues is everything one might expect a sleepy Provencal village to be. There is a medieval chateau, a Roman church, a vine-shaded cafe terrace, a burbling fountain. In this hillside settlement of tumbledown houses and red clay roofs, the 500 inhabitants seemingly have everything they need to live out a peaceful rural idyll. But peace they do not have.

For months, division and bitterness have ruled and the village has been split in two. In true Latin style, there have been riotous public meetings, anonymous telephone threats, and on both sides avowals of a fight to the end. Who has been the instigator of all this trouble? As provocative in death as he was in life, it is the man who lies buried in the courtyard of the chateau at Vauvenargues, Pablo Picasso.

Village feuding broke out shortly after the suicide last autumn of Jacqueline Picasso, with whom the painter spent the last 20 years of his life. Now lying beside her husband, Jacqueline's demise has raised difficult questions. For the world of art, the problem is one of disposal of her priceless collection of Picasso works. For the tiny world of Vauvenargues, the problem is somewhat different but no less vital.

Under the banner of "Per lou Casteou" ("For the Chateau" in Provencal) half the village is fighting to turn the property Picasso bought here into a museum and cultural centre dedicated to him. Projected attendance is 60,000 visitors a year. The other half, banded into a counter-association known as Viva-Vivre a Vauvenargues — is struggling to keep the village far from the reaches of tourism.

Picasso, unconcerned and perhaps amused, rests quietly in the centre of this local storm. Renowned for the almost devilish glee he took in creating controversy around him throughout his life, he seems to have intentionally planned for more of the same after his death. He left no more a clue as to the future of the chateau than he did for the settling of his $240m estate.

"It will be worse than anyone imagines," he said to a friend shortly before he died. Indeed it was. Six years of bitter legal wrangling between Picasso's numerous dependants were required before Jacqueline emerged with the lion's share.

It was with Jacqueline that Picasso first set eyes on Vauvenargues Chateau in the autumn of 1958. The first visit was casual, a stop on the way home from Cannes from a bullfight in Arles. So much greater was the surprise, therefore, of his life-long friend and dealer Daniel-Hanry Kahnweiler, when Picasso phoned him in Paris a short while later with the news "I've bought the Montagne Sainte Victoire."

Kahnweiler, knowing of Picasso's passion for Cezanne — the painter already owner several good Cezannes — replied "Wonderful. Which one?" Picasso crowed back in triumph "The original!"

So he had, or at least part of it. The village of Vauvenargues lies at the very foot of the mountain, 15 km away from Aix-en-Provence and in the middle of the landscapes so often celebrated by Cézanne. The 5,000 acres that went with the chateau run to the very crest of the mountain. "The only master that I have ever had," Picasso once remarked, "is Cezanne." Here the artist who gave cubism to the world could quietly contemplate the landscapes that inspired the birth of modern painting.

Of the many houses that Picasso owned in southern France, Vauvenargues Chateau is unique. The others, set in the wildly luxuriant sub-tropical growth of the Riviera, were disordered and rambling places. By contrast, Vauvenargues Chateau, with its defensive towers and outer fortifications, is austered, ordered and majestic. Spanish in its severity, it brought Picasso at the end of his life as close to his Andalusian roots as possible.

Built in the 13th century, one of its first owners was Roi René, ruler of the then independent kingdom of Provence. It changed hands down the ages and belonged variously to Francis I, king of France, the Marquis de Vauvenargues, author of the 17th-century classic "Reflexions et Maxims," and Cardinal d'Iscard, the Archbishop of Aix.

It was the cardinal who so delighted Picasso by having the body of Saint Severin — a gift from Pope Pius VII — buried under a stone altar in the chateau's north tower. How happy the saint is today, sharing the same ground with a godless painter of nymphs, centaurs, and naked women, is a matter of conjecture.

The 76-year-old Picasso brought not only Jacqueline, 43 years his junior, to his new home in 1959. After undergoing extensive renovations costing half its original purchase price (about $120,000 at the time), the chateau also welcomed a large part of Picasso's personal art collection. Its sparsely furnished, high-ceilinged rooms were soon decorated not only with scores of his own paintings (by this time he had kept over 8,000 of his own works), but also by the collection of Courbets, Cezannes, Matisses, Modiglianis, Braques, Corots and Rousseaus he had avidly collected over the years.

Picasso's Vauvenargues period, influenced in part by his "Spanish" surroundings, was characterised by a return to Hispanic themes — toreadors, guitar players, and bulls. It marked the beginning of a "second" career that was to last throughout the 1960s. Here he began using bolder colour, a first step towards the forthright, highly chromatic, and often seemingly slapdash style that was to reach such proportions in later years.

His output, as usual, was prodigious. He often filled a drawing pad in a single day, and it was at Vauvenargues that he did the series of works based on Manet's "Dejeuner Sur L'Herbe," 27 paintings and 133 drawings in all. Not even the bathroom escaped his hand. To this day carefree fauns and nymphs gambol through the greenery across its frescoed walls.

Picasso went back to the Riviera in 1961. During the next decade, his stays were infrequent and it was only his death on April 8 1973 that brought Picasso permanently back to the chateau. Thereafter it remained unlived in, visited only on the eighth of every month by a handsome middle-aged woman driving a red Mercedes, until October last year. It was then that Jacqueline, too, deeply depressed since her husband's death, came back to Vauvenargues for good.

The village remains shocked by her death, but not too shocked to be concerned about the chateau's future. In theory, the Picasso estate will now go to Catherine Huttin, Jacqueline's 37-year-old daughter by a previous marriage. But with the estate (including what is still the largest private Picasso collection anywhere) subject to 40 per cent French government inheritance taxes, the actual settlement is far from clear.

As an alternative to a direct "contribution" of Picasso works to the national Picasso museum in Paris, Ms Huttin might sell o ffa good part of the collection privately in order to raise the necessary funds. The result of a flooded Picasso market, in terms of lowered prices, would be dramatic. Other options include the commercialisation of the chateau, the prospect that either delights or horrifies village inhabitants. Some see their economic salvation in the potential tourist trade. Others see an end to their tranquil life.

Not long ago Dominique Bozo, director of the National Centre for the Arts in Paris remarked that "the death of Jacqueline Picasso poses enormous problems as much for the art market as for our national collections." Far from Paris, from art markets and national collections, the inhabitants of Vauvenargues don't see it quite that way. But for this once-peaceful village, too, the problems are enormous. Whether "Viva" or "Per lou Casteou" emerges victorious is anyone's guess. Not even the provocative devil buried close to the saint in Vauvenargues could be sure.

Nicholas Woodsworth

Jonathan Sale examines profit and playthings

Yes to toys, no to children

THE NEWS about the exhibition at Earls Court today is entirely bad. For children, that is. As the organisers state: "children aren't allowed." The under-aged do not normally expect to attend a trade show but this one is different. It is the British International Toy and Hobby Fair, home for five days to Gummi Bears, Bendy-kins, Lone Star Quick-Fire Caps and a host of "surprises in store for your store."

This show aims to tickle the fancy of retailers and to give a preview of what will be on the shelves for Christmas. It is a crucial date in the calendar of the toy merchandisers, along with Harrogate, Nuremberg and New York.

"This is an in-between period in new toy development," mused Gordon Webb of the British Toy and Hobby Manufacturers Association. "There may be more new toys in New York later this year." He was, he realised, speaking before the full flavour of the products could be savoured. Like car companies, which keep the latest models under wraps until the Motor Show, many toy folk have been holding back their new lines in order to whip off the coverings today.

Few of these sparkling new concepts will be of the irritating sort that bleep and involve zapping invaders on screens. Video games, like the aliens they depict, have died the death. Board games are back in a big way, up by between 30 per cent and 40 per cent; Waddington claim a 60 per cent increase. In 1985, the last year for which the industry's figures are available, the total was beyond the dreams of Monopoly: £80m for retail sales.

The demise of the video game is good news for Hornby, whose tiny puffers suffered from electronic gadgets in the same way as the real-life railways suffered from Beeching. When the Hornby lines were axed, the company moved into Flower Fairies, Boo Boos Care ("the special little people who look after Baby Twinkle") and soft toys that helped them over the hard times.

Now that the first has conquered its uphill gradient—last month it chugged into the Unlisted Securities Market — the patter of even more little Boo Boo feet can be heard. "A dainty little range with colour co-ordinated hair," this collection of little horrors comes with "glow in the dark accessories," presumably to make the dolls sitting targets, even in a bad light, for the Karate Kid Tri-Action figures. The flagship of the Hornby Boys' Division, these 6-inch delinquents chop with their minuscule arms, kick with their tiny feet and smash through the Break-Away Walls that are their matching accessories.

When it comes to sex-stereotyping playthings, Hornby does not have a monopoly (nor, incidentally, does it have the long-running Monopoly). Kenner Parker has been pleasing children, and setting parents' teeth on edge, with its Care Bears crew. "The latest 13-inch soft toys include Surprise Bear, Daydream Bear and Melody Bear, which sports a musical note symbol on its front." The company has also diversified into Disney mongrels entitled Fluppies and a range of spineless characters known as the Nerfuls.

Before the nation's adults advance on the sales force and administer karate-style chops upon their cringeing frames, it should be said in Kenner Parker's defence that it is soon to release a rather more worthwhile pastime, Safety Home. This board game involves travelling back from school, with extra points for avoiding dangerous short cuts and for answering questions on safety.

Another game only too close to reality is Spitting Image, yet another spinoff from the TV series, in which players take the parts of Thatcher and Gorbachev. The object is to hide your own scandals (not, of course, that the real Mrs T. and Mr G. have any) and expose the fiddles of the other players.

Again, Wealth of Nations has a theme that sounds familiar. The object is to collar the world's resources and send rivals up Carey Street. But there is not yet, so far as I know, a board game entitled "Insider Trading" in which a major penalty is borrowed from Monopoly, "Go to Gaol."

Most of the products at the fair do not bother with this realistic element. The Warlock of Firetop Mountain is in a world of its own, as is How to Host a Murder, not to mention Larami electric water pistols ("fire a stream of water 30 feet") and Pandy Play Pals ("animal character collectibles dressed in Welsh flannels"). Yet all are in one way deadly serious to adults.

To a child, it may be a cuddly, glow-in-the-dark bendy tea set. To the manufacturer, it is his bread and butter.

BRIDGE

ONE of the bad features of duplicate pairs is that, as a rule, we cannot employ safety plays —if they prove to be unnecessary the rest of the field, who have thrown safety to the winds, will receive a far larger share of the match points. At rubber bridge, where making the contract is the important thing, safety play comes into its own.

The first hand comes from an average rubber:

N
♠ A K Q
♥ K J 7 5
♦ K Q 7
♣ K 8 3

W
♠ J 10 9 6 4
♥ —
♦ 10 9 6 5 2
♣ Q 9 3

E
♠ 8 3
♥ Q 10 6 2
♦ J 8
♣ J 10 6 5 4

S
♠ 7 5 2
♥ A 9 8 4 3
♦ A 4 3
♣ A 7

North dealt at a love score and opened with two no trumps. South replied with three hearts, and North rebid three spades, the economic cue-bid, agreeing hearts and showing the ace of spades. South now said four clubs, and North said four hearts. South made another cue-bid of five diamonds, and this encouraged North to bid six hearts, which became the final contract.

West led the knave of spades, dummy won, and the five of hearts was returned to the ace. West showed out, and the declarer went down amid all the protestations of bad luck.

It was bad play, not bad luck, that caused South's downfall. As soon as dummy goes down, it is abundantly clear that only four trumps in one hand can endanger the contract. At trick two the declarer should play the king of hearts. When West shows out, South continues with the five of hearts — and whatever East plays he can make only one trump trick.

"Oh very convenient," you say. "Suppose West has the four trumps." That is no problem. The declarer crosses to his ace of hearts, and leads the four. West can take his queen now or later, but he cannot make another trick.

We turn to duplicate pairs:

N.
♠ A 9 6 2
♥ A J 4
♦ K 10
♣ A 6 4 3

W.
♠ 5
♥ 10 9 8 6
♦ Q 8 7 2
♣ K 10 8 7

E.
♠ 8 4
♥ K Q 7 3 2
♦ J 9 6 5 4
♣ 2

S.
♠ K Q J 10 7 3
♥ 5
♦ A 3
♣ Q J 9 5

North dealt with both sides vulnerable, and bid one no trump. South said three spades. North rebid four clubs, agreeing spades, and showing his lowest control. South said four diamonds, and North now bid four hearts. He has a minimum, but four trumps and three first-round controls justify this second cue-bid. South jumped to six spades, and all passed.

West led the ten of hearts, and South, an expert player, summed up the position. The contract was on ice—unless one defender held four clubs to the king and ten. He soon saw how to ensure his slam.

Winning with dummy's ace, he ruffed a heart high in hand, crossed to the ace of spades, ruffed another heart, and drew the last trump. He then cashed king and ace of diamonds. With the red suits eliminated, the declarer now played his queen of clubs, West covered with the king, and dummy played the three — the perfect safety play. A red suit return concedes a ruff discard, and a low club runs to South's nine. Suppose East has the king, you say. Then East wins, and a club return from him is covered with the nine. This holds if East started with four clubs; if West can cover with the ten, the suit is breaking.

Even at pairs a player should protect a slam contract, or any "good" contract—that is, one that is difficult to reach.

E. P. C. Cotter

DIVERSIONS

The grain for all occasions

TO SOME people rice is what you throw at weddings. To more than half the people of the world it is their main sustenance.

Where rice is a staple its importance is confirmed by etiquette and custom. In Japan a meal begins with the uncovering of the rice bowl, always held out to be filled with both hands, the rice is never eaten all at once, and when the bowl is emptied the meal is held to be finished. Not to empty one's rice-bowl is horrifying—there is a superstition that every wasted grain becomes a pockmark on a loved one's face.

In Britain rice has a lesser significance. Apart from weddings, one of its uses is as symbolic shorthand in the denunciations of the sixties which we all so much enjoy: "brown rice" summarises a way of life, all cheesecloth shirts, hobbits and ecological bonhomie. Since another thing many British people associate with rice is British rice pudding it is not surprising that rice has been undervalued here.

But our culture is beginning to change. Wine is now the preferred drink: pasta is no longer revolutionary. Rice sales are growing too, by 5-6 per cent each year. Partly this is because it fits the health kick.

A bland carbohydrate, rice has the admirable property of extending and even accentuating the flavour of whatever it is cooked or served with; its structure allows it to absorb the liquids of other foods. So a small amount of meat becomes a serving. It is extremely low in fat, low in sodium, gluten-free and non-allergenic. It can feed half the world because its proteins are superior (in their proportions) to any other grain.

Admittedly rice, even brown rice, contains only a small amount of fibre (Audrey Eyton makes little of it), but on the other hand it is not fattening (between 106 and 119 calories for a 100g cooked serving, a similar score to pasta). Brown rice, unexpectedly, contains more calories than white rice because it has more fat as well as more everything else.

Rice is cheap, rice is non-seasonal; it needs no preparation and it needs no special storage. With all these attractions there is a drawback: it has to be cooked right. You can bake a potato for an awfully long time without making it inedible, provided you only bake it enough. With rice the opposite applies. Once cooked too much it is irretrievable. The Uncle Ben slogan, "It never sticks," makes a revealing assumption about past problems.

Yet anyone who can cook pasta can cook rice. The manufacturers must doubt this, since there are many fool-proof products coming on to the market, from boil-in-the-bag to three-minute rice. They have little to recommend them. The former seems to save mainly on the washing up. The latter is simply a can of cooked rice that needs heating through: following the instructions produces rice that is edible but soft and flavourless, and at 43p (Sainsbury) or 70p (Harrods), per small can can be absurdly expensive. Better to splash out on a beeping quartz timer.

"Easy cook" rice itself is what is known in America as "parboiled" or "converted" rice. It has been steamed and then redried prior to milling. This spreads soluble vitamins and salts through the grain and hardens it, giving it a shiny, translucent and rather yellow appearance. "Easy cook" rice takes longer to cook than ordinary rice (25 minutes compared to 15 minutes the manufacturers say) but reliably produces a separate and fluffy grain though with a less pleasing texture and taste than ordinary rice. It is more expensive than regular milled.

All rice can be classified as long (formerly "patna"), medium or short grain. The shorter grains are required for some recipes, especially puddings, but for most savoury uses straightforward long grain (white or brown) is best. Speciality rices are essential for a few dishes.

Basmati is naturally the best for pilaus and Indian cooking. An aromatic long grain, giving off an agreeably nutty smell as it cooks, it is relatively expensive (72p per pound at Sainsbury, compared to 41p for ordinary long grain, 49p for "easy cook" paraboiled).

The best of all aromatic rices is said to be Louisiana Wild Pecan, neither wild nor with pecan; it has an astounding popcorn aroma but is produced in very small quantities in South Louisiana, very expensive there and apparently not available here.

Italian arborio rice gives the best result in risottos. Ordinary long grain can be used but does not keep the very slightly resistant core in each grain in the midst of a creamy mass which arborio gives. Italian risotto rice

It's wild. It's brown. It's fluffy and chic. David Sexton on the rice revival

as sold by supermarkets (39p per pound at Waitrose, 69p for 2lb at Sainsbury) is usually a long grain rice. It produces a reasonable result but proper arborio is a fatter medium grain. (It is available in delicatessens at about 70p per pound—Harrods sell a brand called SoHo at 80p for 500g). Elizabeth David's chapter on risottos in Italian Cooking is inspirational and unsurpassed.

Wild rice is not rice but a grass. The only grain native to the American continent, it was the staple food of the Sioux Indians; originally harvested on the shores of the Great Lakes, it is now also being farmed in California. Sadly at virtually smoked salmon prices—about £5 for 8oz—it is no longer anyone's staple, though it now appears to be becoming fashionable and is certainly more widely available (there's even an Uncle Ben's Wild Rice—£5.40 per pack at Harrods). The long thin dark grains have a burnt and nutty, almost musky smell, and a wonderfully crunchy, springy texture. It goes especially well with gamebirds as a garnish or as a stuffing, and can when cooked be extended with ordinary long grain rice if need be. (Uncle Ben's also sell a ready-mixed pack which, however, makes it impossible to cook the wild rice longer than the regular rice. Wild rice needs about 45 minutes cooking.) I would urge anyone who has not tried wild rice to do so. I have found myself reluctantly deciding it is about worth its price.

Brown rice is simply rice that has been taken out of the milling process straight after the outer hull has been removed. Usually it is long grain, though easy-cook brown Italian medium grain is available and even brown organic Basmati from health co-operatives. Evidently quite a lot of organic rice is sold, although it is extremely expensive, often twice the normal price, and any better taste one may imagine one is detecting is commonly offset by poor quality milling which leaves inedible husks in the mouth. No doubt its devotees do not have exclusively gastronomic motives (For the undiscouraged one of the best organic brown rices I've tried is Louisiana Rice at £1.96 per kg from Neal's Yard in London).

Serving plain rice I would always choose brown for purely hedonistic reasons. It has better taste and texture, especially if you don't cook it for as long as the packets suggest. Some recommend up to 55 minutes, but you should test it after 30 or even 25 minutes. In general, as with dried pasta, the cooking times given by the packers are overestimates for most tastes and teeth.

Brown rice costs more than white (49p per lb for American brown rice in supermarkets). There are various justifications put forward for this, ranging from the fact that even if the rest of the milling process is not used it has to be costed since it cannot meanwhile be used for anything else, to the fact that selling lightly milled rice exposes the original quality of the grain more. American brown rice has as perfect an appearance as white rice. Other brown rices, such as the widespread Tilda brand from Surinam, look pretty rustic, with red, green, black, shrivelled and broken grains and husks.

More than half the rice sold here is American. Although America produces only 2 per cent of world rice, it is the second largest exporter after Thailand. Only a very small proportion of rice produced is ever traded; worldwide 95 per cent is consumed as a subsistence crop on or near the farm where it grew: Asian rice costs up to 300 worker-hours an acre to produce, whereas highly automated American rice takes only 7 worker hours.

Advanced technology also means that American rice is cleaner and more uniform than other rices. Washing the rice before cooking it is thus now unnecessary, and since most rice is now "enriched" with vitamins and minerals in the form of a loose coating, detrimental, reducing the food value.

Similarly the old method of cooking plain rice in large volumes of water has now been largely replaced by cooking in the right amount of liquid to be wholly absorbed. (For ordinary white long grain this is simply twice the volume of the rice.)

Virtually every country cooks rice differently. In South East Asian Food, Rosemary Brissenden remarks ruefully that "the cooking of rice is a subject that can arouse undreamt-of passions in otherwise mild people. For this reason it is usually avoided—like religion or politics—as a topic of polite conversation." All I have to say is that rice is uniquely encouraging to the individual cook, easily adapting to whatever one likes to add to it. Don't buy pre-mixes of "Savoury Rice with Golden Vegetables." Try rice with bacon, Tabasco and chives. Try it with anything. Did you know Elizabeth David's first ever food article, in Harper's Bazaar in 1949, was called Rice Again?

Gardening

Who cares about garden centre classifications?

Robin Lane Fox throws out the rule book

Forget the clichés

IF YOU ARE planning a garden and cannot think where to go next, try blaming the categories which we have imposed on plants. All our nurseries, garden centres and catalogues work with clear divisions: shrubs, trees, alpines, climbers, fruit trees and so forth.

They are convenient ways of thinking, but they are often an obstacle when trying to plan. Alpines, they suggest, are distinct from border plants, climbers really climb; fruit trees are for use, not appearance, shrubs are not trees, and trees do not belong in borders or shrubberies.

I have never regretted ignoring these invented distinctions. In fact, most alpines should be re-classified as small, hardy plants; they can edge borders, fill long beds or even keep company with roses. They do not need rock-gardens or bits of stone. Every owner of a climbing rose knows that by instinct, it does not want to climb: it likes to hook or drape itself over something else, frequently over its owner after a windy night at gutter level.

It is you and I who make climbers go upwards: we can, therefore, plan to let them fall forwards or run through other shrubs and trees. Very rampant rambling roses will make spectacular mounds if left unpruned and allowed to grow free where gardens merge into wilder areas.

As for fruit bushes, it is an open secret that they can look very pretty in flower-gardens. Now that apples are being grafted as miniature bushes, we can exploit the idea of low cordons of fruit, grown as edgings to borders or hedging beside paths. The French have been exhibiting this style for years, but the new grafting has made it easier to maintain.

The line between shrub and tree is most elusive. It is also worth disregarding. Many good trees can also be bought as bushes allowing us to find room for more varieties.

If you are short of spring blossom, look for the best-known trees in their bush form. In a small garden, try the white flowered Amelanchier and the lovely Prunus longipes in this small shape; they flower very well and take up less room in return for their short season. Equally, you can prune a "tree" very hard and end up with a shrub whose leaf and bulk become focal points in a border.

I have seen this trick applied cleverly to many varieties, hornbeams, gold-leaved Gleditsias, the big Tree of Heaven or the charming Ptelea with scented

flowers. After all, we use yew and beech as clipped hedging-plants, although naturally, they grow as trees.

A particular art leads in the opposite direction, making shrubs look more like trees. I referred recently to a splendid row of Viburnums which had been grown as small standard trees. Their scented white flowers, in the carlesii form, apear in May and look like great snowballs on a small, clipped apple-tree.

The art here is to select one main shoot on a young plant, stake it, clip off all its side-branches and stop it developing a head of growth for the next three or four years. Keep tying the main stem to the trunk and after four years are up, it will have made a small trunk.

Then you can allow side-branches to develop at eye level. This shaping gives a special emphasis to plants which otherwise branch as thick bushes. They can inpire a formal garden or a smart border. They are a half-wise alternative to those hardy standard bay trees which are imported and sold every spring to unsuspecting town gardeners.

Viburnan carlesii is only one possibility. Several readers have now written to emphasise the beauty of the winter-flowering Viburnum fragrans, grown in a similar style. It has scented white heads of flower in winter: one lady remarks that her father's standard trees of it drew frequent inquiries from passers-by. What curious "tree" had he discovered, flowering in mid-winter at a moderate height?

There is no secret to this tree production, except patience and imagination. Begin with young unbranched plants. There is no point in wasting money on an older specimen whose branches you have to cut out immediately.

This standard pruning makes shrubs into trees and should be practiced much more often. It is quite familiar among lilacs, although their top growth is not very neat. I have often preached it for common honeysuckles which soon develop into splendid little trees, like standard roses. Buddleias will do much the same, though they are rather rank and so will hibiscus which is late into leaf.

What about a standard white Hydrangea paniculata or an evergreen griselinia with rounded bright green leaves or a variegated Rhamnus, the latter two for sheltered places?

This clipping and shaping is not only a wise disregard of conventional classes. It is a device which can give you a theme for an entire garden plan.

Champagne chemistry

AS THE Champagne industry is not slow to tell visitors to the Marne, champagne is a very expensive wine to make. First, the grapes are very costly: three or four times the price, for example, of those used on the Loire to produce sparkling Saumur by the same method. Then it has to undergo a double form of production: first into still wine, with the added problem of removing the colour from at least two-thirds of the grapes used in most blends before they start seriously fermenting; and then, after a highly skilled blending of the still wine made from grapes grown in a large number of villages, the second fermentation in bottle, created by the addition of yeasts and sugar to the wine.

A non-vintage champagne has to be kept for a year after the bottling before sale and a vintage one for three years. But most reputable producers aim to keep non-vintage wine for three years, and vintage for four or five: a costly capital lock-up almost unknown in the rest of France, where the growers hope to sell as much as possible of their latest wine within a year of the vintage.

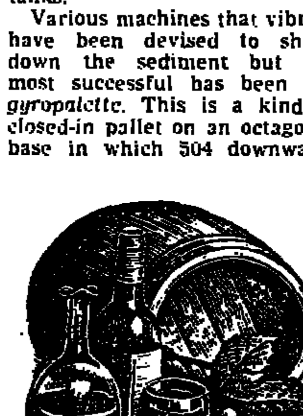
But the most expensive and highly skilled operation in the methode champenoise—a term to be forbidden outside Champagne in EEC countries after 1991—is the remuage, by which the dead yeasts, killed in activating the sparkle, are removed from the bottle. Thereafter this is topped up by the dosage, when variably sweetened reserve wine is added, and the new cork forced in.

It might be thought an easy task to shake the sediment down onto the cork—these days almost always a crown cork. But it is not, because this sediment is slightly greasy or sticky, and to dislodge it requires careful, prolonged manipulation by skilled remueurs who, by what may fairly be called sleight-of-hand, each day slightly twist the bottle and gradually incline it from an initial 45 degrees to a 90 degree vertical. To do this a batch of 60 bottles is inserted in holes bored in two heavy hinged boards called pupitres.

Although the remueurs can deal with an amazing number of bottles a day—40,000 or so — the whole operation before the absolutely clear wine is ready for disgorging and topping up may take two months or more— a very expensive and space-consuming job in the subterranean chalk galleries of the Champagne region.

If, therefore, this remuage could be speeded up a bottle of wine should cost less: in itself a very important consideration when champagne has to compete with an ever-increasing number of sparkling wines, whether méthode champenoise or infused with fizz in sealed tanks.

Various machines that vibrate have been devised to shake down the sediment but the most successful has been the gyropalette. This is a kind of closed-in pallet on an octagonal base in which 504 downward-



Wine

facing bottles at a time are mechanically shifted every eight hours to loosen the sediment and propel it onto the cork.

Computerised—and operating nights and weekends as well as normal working hours—the whole operation is completed in a week. Yet as the machines are very expensive, this is a space—rather than a money-saver.

Over the past 15 years all the leading houses have experimented with gyropalettes, and some have taken to them in a big way, including Taittinger, which likes to demonstrate that a greater clarity can be obtained this way than by the traditional method. On the whole, however, the industry remains unconvinced, and most champagne is still remué in pupitres.

Nevertheless, research on this has been continuing on other lines, and in 1978 Moet & Chandon bought a patent from the Institute National de la Recherche Agricole which if successful could transform in time and cost the whole remuage operation. The invention or device encapsulates the yeasts in a tiny alginate ball or bead (bille) without affecting their efficacy: 100 of these marble-like pills into each bottle. By turning the bottle upside down the job could be done in 30 seconds.

The problems involved chemically have been complex, but the vital question to be answered is: does it work? Is the sparkle identical the clarity the same and the bouquet and taste unchanged? That there is no immediate answer is shown by the fact that Moet, in conjunction with the technical department of the trade body, the Comité Interprofessionel du Vin de Champagne (CIVC) have been working on this since 1980, and each year experimental bottlings have been taking place on an increasing scale. For an additional query is whether the aging of the wine is affected.

Of course the experiments have included repeated tastings by professionals and amateurs. Recently, however, in Epernay I was the first wine writer to be afforded this opportunity. One of the firm's top chemists produced two bottles of the same 1983 cuvée: one remué by the traditional method, the other by the "beads." In the company of two senior directors, I tasted blind the two wines. My reaction was that there was no difference in colour, and no great — one might say no objectionable — difference between the two in taste.

But there was, I thought, a difference. The first, which turned out to be of the traditional method, seemed to have slightly more bouquet, and was perhaps a shade more complete. On the other hand the "bead" one had a slightly bigger flavour and perhaps was rather less forward.

The chemist then removed the bottles and poured them into fresh glasses, so that we were unaware of their order. But without difficulty we all picked out the "bead" bottle. It seemed to have a slightly bigger flavour and eventually may be the better. But cuvées vary, and another one might have produced a different result. Nevertheless, the result was highly encouraging.

It seems, therefore, that the chemical problems have largely been solved, but there still remains the great difficulty of producing the billes on an industrial scale sufficient to meet commercial demand. They are very difficult to keep and the yeasts are fragile, so they probably must be made and inserted (another problem) in each firm's premises.

Edmund Penning-Rowsell

Peter Fort makes state-of-the-art marmalade

Unimpeachable credentials

FOR those who provide food rather than eat it this is a crucial point of the year. It is marmalade time: the few (three) weeks when the bitter oranges of Seville turn up in the shops and you can make proper marmalade.

Of course you can make marmalade out of any kind of citrus fruit: people frequently do so. Lemons, limes, ordinary oranges, grapefruit, tangerines, clementines, satsumas, minneolas can all be pressed into service. (I have made very good marmalade with Texas pink grapefruit.) If the purpose of marmalade is to be spread on hot buttered toast at breakfast time then my own sympathies strain towards apricot jam, mainstay of the French café au lait complet. But let us be sure; I do not lack readers for whom Seville bitter orange marmalade is beyond reproach, beyond substitute. Its unavailability across the Channel is further evidence of its breeding, its rightness, its unimpeachable credentials.

Proper marmalade is coarse, harsh and not very sweet; it persuades the Englishman that although his cold baths and long morning runs are behind him he is not going to put up with toast-and-honey-with-the-blinds-down that our French neighbours use to ease themselves into the day.

Making your own marmalade is much cheaper than buying it. The result is much nicer too. Not just that everything you make yourself is nicer; you can cut the peel into the precise size of piece you like to find. Chunky yet manageable is my formula. Yours may be very different.

Whence came this important role for marmalade in British life, when nobody else cares for it? I had a friend who once told me that long after he had ceased to believe in Father Christmas he went on believing that bees make honey and that wasps make marmalade. Self-evident, as it were; self contained; a gift of nature. Do they still have Cooper's Oxford in British Rail restaurant cars?

John Betjeman, rhapsodising about his childhood, wrote of Robertson's marmalade rather than Cooper's. There is Keiller's Dundee, too. Cooper's

FOOD FOR THOUGHT

Oxford holds sway among people who did not go to Oxford (most of us did not). Do what you like with the rest of the breakfast; eggs, bacon, kippers, kedgeree, kidneys and so on, but marmalade there must be.

We are told that the word marmalade is something to do with an ancient word for quince. And thereby hangs a tale, because quince jelly and quince cheese are the nearest things to marmalade that the French permit themselves, and these have almost magical properties. Not only do they cook down to a translucent brazen reddish colour, but they also have an assertive bitter-sweet quality that we look for in our marmalade.

In my youth I once developed a debilitating intestinal disorder while staying in a house on the Loire near Tours. No doctors were called but Madame insisted that I eat a whole jar of her own gelée de coings with a spoon. It worked of course, as she said it would.

Marmalade isn't the only reason for bitter oranges. They are much better for canard à l'orange than ordinary jaffas and we all owe duck with orange another try. To preserve them, you can stuff them in the freezer as they are — no wrapping or preparation is required. I did this last year, and now every time my freezer door is opened out they bounce, hard as little cannon-balls, all over the kitchen floor.

But buy them soon to avoid disappointment: by the middle of February they'll be gone for another year.

Arthur Hellyer looks at new varieties of colourful flowers

Fireworks from seed

THE MOST interesting plant I grew from seed last year was Eccremocarpus Fireworks. Unwins of Histon, Cambridge, are introducing it this year and sent me some seeds in advance.

An attractive Chilean climber, it produces flowers in yellow, orange-red and crimson. These colours are natural, occurring in the wild and not developed in gardens and only the orange-red form has been at all widely grown in Britain. The yellow has been seen occasionally and I first saw the crimson in Unwins trials a couple of years ago.

I have to record that I got far more orange-red flowers from the Fireworks seed than yellow and am still awaiting crimson but not all my plants have bloomed yet so I hope crimson is still to come.

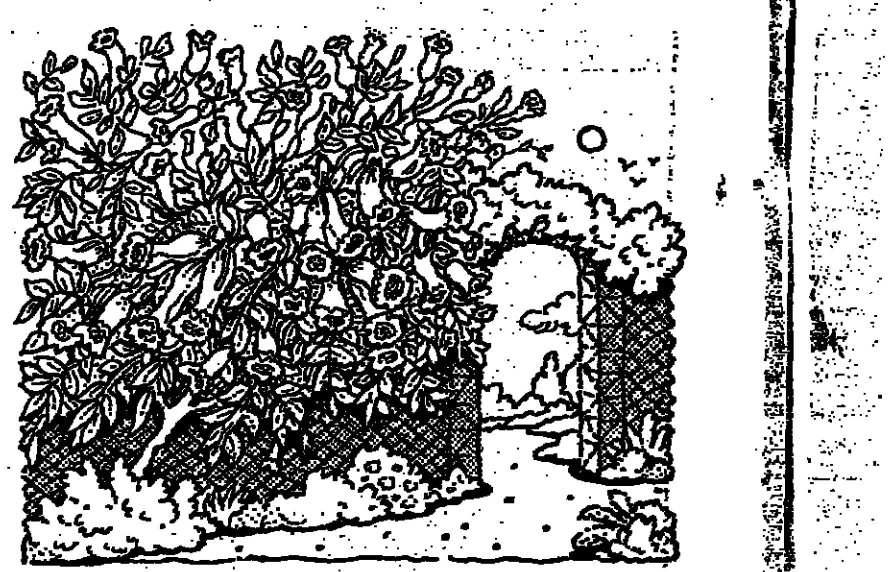
The seed germinates very easily. Because my seeds came up so well and got overcrowded as a result, some were starved, took a little time to recover and did not make enough progress to flower last summer. It would not surprise me if the crimson plants also prove the least vigorous—this is usually why a particular colour is scarce.

Eccremocarpus scaber is a slender perennial climber that supports itself by tendrils. Its leaves are doubly divided into small leaflets and its flowers are tubular but pinched at the mouth. They appear freely and continuously throughout summer and early autumn and are so unusual and attractive that people often stop to ask about them.

The plant is a true perennial but fragile and rather tender. When grown outdoors it is usually cut to ground level each winter though it frequently grows again from the roots in the spring. I have plants growing both against the sunny side of my house, where they scramble up into Japanese quince and honeysuckle and also in an unheated greenhouse but they would be safer with sufficient heat to exclude frost.

This is an ideal conservatory plant and a very cheap one since a packet of seed costing 69p will give you all the seedlings you would be likely to require. Unwins list it as Chilean Glory Vine which is the popular name.

Another highly successful newcomer that I grew from seed last year was Geranium Gala White. This was notable both for the speed with which it came into flower and the freedom with which it continued right up to Christmas outdoors, thinks to the mild autumn. Even now, in a little lean-to greenhouse which is heated to a minimum of only 45 degrees F (7.5 degrees C), plants that were lifted and potted in October are flowering. It has done all this without getting in the least leggy or overburdened with



Anne Morrow

Eccremocarpus Fireworks

leaves. I see it in Unwins catalogue but several leading seed firms offer Gala Mixed, the other colours being pink, salmon, scarlet, coral-red, cerise and magenta with a white eye. I have not grown this mixture but if all the colours behave as well as Gala White it should be high on any list of graniums to grow from seed.

Last year I grew several varieties of ivy-leaved geranium, the trailing kind so useful for hanging baskets, for growing on sunny banks or for tumbling over terrace walls. All the plants I grew were clones grown from cuttings but I see that Dobies, now based at Paignton, Devon, is offering some as little plants ready for potting. Mexicana (which also goes around as Roulette) is one of these, a rather brash but eye catching red and white, and there are also purple, salmon pink, red and white varieties.

One can buy African violets (saintpaulias), including some of the new trailing varieties, in the same way and Suttons Seeds, Torquay, offers two strains of saintpaulia seed, Velvet Gems for conventional rosette plants and Velvet Cascade, trailing.

Begonia Non-Stop is gaining rapidly in popularity. It is much more interesting to look at than the rather characterless Begonia semperflorens and is more satisfactory outdoors than many of the older races of tuberous rooted begonia. The plants are compact, the fully double flowers not too large to stand the weather, there are plenty of them to make a fine display and they come non-stop from June to September.

As with all begonias, seed is dust-like and rather difficult to handle but you can buy plants from many sources.

I see seedling ready for potting in the Dobie catalogue and dry tubers ready to be started in moist peat in the Sutton list and they are certainly available in many garden centres. The mixture contains all the begonia colours—red, crimson, pink, salmon, orange, apricot, yellow and white. This is a splendid multi-purpose plant for beds on its own, for filling gaps near the front of mixed flower borders or for containers of any kind.

Most seed lists include other tubers, corms and bulbs for spring planting. There are all the familiar things such as dahlias, gladioli and lilies and a few more unusual plants such as kaffir lilies (schizostylis), eucomis and nerine but for me the most unexpected is a narcissus in both Sutton's and Dobies catalogues that is said to bloom in summer within six to 10 weeks of planting.

Only one variety is on offer, named Double Summercup, but it is said to belong to a group of varieties collectively called Turbo. Double Summercrop appears much like one of the double cluster flowered (Poetaz) narcissi such as Yellow Cheerfulness. It is described as tender and needing to be lifted and stored dry and safe for the winter, to be replanted at any time from March to the end of July. Do I really want narcissi in summer? From a purely aesthetic standpoint probably not, but as an incurably curious gardener I shall want to try them.

For really unusual seeds one needs to go to the Ipswich firm of Thompson and Morgan, or to the relatively new and little known Chiltern Seeds at Bortree Stile, Ulverston, Cumbria. T and M issues the most lavishly illustrated catalogue I receive. Chiltern Seeds scarcely bothers with pictures but crowds what I estimate to be well over two thousand varieties, many of them herbaceous perennials and shrubs, into its catalogue.

DIVERSIONS

Boys and girls come out to play

The hunt for a modern sound system baffles all but the most enthusiastic hi-fi buffs. **David White** explores the world of amplifiers, speakers and compact discs and recommends shops with equipment to suit every budget.

HOW TO SPEND IT

Lucia van der Post

[o start at the beginning, for hose for whom all this is virgin erritory (the rest of you can kip) if you are looking for a lecent system on which to isten to recorded music (or peech) you will need a collecion of units, most of which are ought separately, and which ogether make up a complete i-fi system.

You will need a needle usually called stylus or cartidge) which fits into the record rooves. The cartridge in turn its into the arm. The record is pun by the turntable at 33⅓ evs per minute or 45 rpm for horter pop records, and occaionally at 78 rpm for those ovely old, heavy, crackly ecords that only lasted about our minutes a side. The sound s then transmitted from the artridge through the arm to an mplifier which "treats" it to nake the electrical vibrations uitable for hearing in your oom through the speakers. Two peakers are generally used to ive stereo rather than mono ound, but four or more can be sed.

A cassette deck, or the latest nnovation, a compact disc layer, can be substituted for e cartridge/arm/turntable ackage, but these still need an nplifier and speakers. A compact disc player (hereinafter referred to as a cd player) uses a laser beam instead of a cartridge and these days can be a good deal cheaper than cartridge/arm/turntable.

Against that you must remember that compact discs cost about twice as much as top-price records. They are smaller, more robust, have very little background noise when playing and do not need to be turned over. Proponents tend to go on about the purity of the reproduction; opponents say they find the sound a little mechanical and lacking in warmth (you'll have to listen and make up your own mind).

An optional extra for your system is a tuner—this means that for about another £100 or so you can get very high quality reception of everything put out by the radio.

All these parts can be fitted into a shelf or stacked unit, or indeed into a "radiogram"—sometimes very smart like those made by Bang & Olufsen. But as yet—rather remarkably—no manufacturer seems to have been able to produce an integrated unit to rival one put together from specialist units made by several companies.

There is a surprising amount of agreement among Hi-Fi dealers about what makes up the finest possible equipment as well as the best-value units but having said that, there is an enormous difference between a £120 Taiwan-built ghetto blaster and a custom-designed package at more than £20,000. Acceptable genuine Hi-Fi starts at about £350, while for between £1,000 and £1,200 you can expect a good quality sound from records, cassettes or compact discs—after that the law of diminishing quality returns starts to operate.

So, what do you buy for your money?

Chris Priestley

£350

Fashions in Hi-fi like fashions in music itself, change all the time. The importance of a good turntable and arm seems to be stressed at the moment whereas 10 years or so ago most of the available money would probably have gone on the speakers. However, there has probably been greater improvement in speaker quality than any other area. £100 today would buy you the same quality in speakers that you would have had to pay £200 for only two or three years ago.

At this price level it does nevertheless make sense to try to split the available money into three equal parts: speaker; amplifier; CD cassette or cartridge/arm/turntable. Prices do change and some dealers do discounts so all prices should be regarded as approximate. Speakers are priced per pair.

A £350 system cannot really incorporate a compact disc player, because although prices are coming down all the time the player alone will still set you back anything from £170 upwards.

The Dual CS505 (£109) and the Rega Planar 2 turntables (£125) have arms fitted already. The Linn Basik (£18) or K9 cartridge (£59) would be good with them. Three amplifiers are *fine value—the Mission* Cyrus One (£140), Rotel RA 820 (£110) and NAD (£120).

Speakers were the hardest to agree about, among the experts I consulted. The Tannoy Mercury II (£145) and the B & W DM110 (£130) were popular as were the cheaper and well-regarded Wharfedale Diamonds (£85). The little Creek amplifier was a late recommendation (£145). It would be possible to substitute a cassette deck for the *Dual* or Rega and the Denon range (from £140) seems the best bet. Aiwa decks are also a possibility.

£550

Around this level things get more difficult. When you have to buy at the bottom of the tree the choice is smaller and thus generally easier. Later there is the awful experience of discovering that what you really want is just out of your possible price bracket. However, nearly all experts consulted were soon talking to me about the same makes, usually the same models.

For example, the Rega Planar 3 turntable (£188) with the RB300 arm (£90) and K9 cartridge is possible, but it would probably be more realistic to stay with the Planar Two with Ortofon MC10 (£50) or Audio Technica (£67) cartridges. The *Mission Cyrus* One amplifier then leaves enough cash for Rogers LS6 (£220), Wharfedale 504 (£120) or Spendor Prelude (£270) speakers — I'm just stretching the budget now.

In this price range a CD player such as the Philips 104B or Marantz PM54 (both under £200) could be the front end, and frankly this would be the way I would go if I did not have a fairly wide selection of black vinyl discs. The experts suggest that the quality of these players is only beaten by machines costing more than twice as much such as those made by Meridian and Mission.

£1200

The same CD players, or the Denon range, would probably be used in this price category. The Linn LP12 turntable (£450) is very highly regarded with Linn or other arms and cartridges. The Xerxes turntable or cheaper AR Legend are alternatives. The Linn Asaka arm costs £249. Amplifiers include the Audiolab 8000A (£300), Mission Cyrus Two (£260) and Myst TMA3 (£250). The little Croft preamplifier (£150) with Quad 306 (£230) or 606 (£450) power amp is a real possibility. There are excellent integrated amps but a pre and power amp combination (in two boxes) generally means more power can be generated. This is not, however, just for the sake of sheer muscle. Some of the really big speakers need tremendous amounts of power to drive them. In the unlimited category for instance the Apogee speakers need massive power amps to get the very best from them. But a big amp that is well-constructed is like a powerful car that handles delicately and yet gives the feeling of limitless power there when required.

The Spendor SP2 (£390) and cheaper Celestion DL8 speakers (£180) were well liked. Naim pre and power amp systems (from £650) could just squeeze into the price range and there was one vote for a pair of Epos speakers (£295) which sounded pretty good to me. The new Linn Axis turntable with arm (£300) would enable a better cartridge and bigger speakers, or even a CD player to be added to the "package."

MONEY NO OBJECT

The unlimited price category is a minefield and even some of the dealers I spoke to admitted to not having heard all the contenders. The search for sound as close to source as possible brings us into the truly exotic class with the Americans providing many of the goodies.

Disregarding the prototypes (that's a bit like putting Formula One racing cars in a road car survey) there is broad agreement only on amplifiers (pre and power amps in two or three separate boxes because this sort of equipment could probably heat an average house). The Audio Research, Krell and Conrad Johnson amps got all the votes. Prices for these range from about £3,500 to £12,000 and up.

For disc-playing the Audio Labor (£2,400) and Oracle Premier (£2,600) turntables had their supporters as did the SME 5 (£1,140) and Zeta (£460) tonearms. Koetsu cartridges—particularly the Gold at £1,700—appear to have no equal (at last a Japanese component).

Speakers were once more the most difficult area with some favouring the Apogee range (£4,950 for the Scintillas and £12,000 for the Big One) with their tremendous sense of power and soundstage, others the Magneplanar III (£2,880), not to mention the cheaper British made Quad ESL 63 (£1,340). The Infinity Reference range (£3,450 upwards) and the remarkably small Celestion SL600 (£700) also had their fans. The active ATC speakers (£2,700) had great attack and their own built-in amplifiers. Even the experts were now enjoying themselves and it clearly showed.

On CD the Cambridge Audio and Sony separates are well regarded and the Nakamichi cassette decks (up to about £1,500) will take some beating.

WHERE TO FIND SOME SPECIALISTS

hakespeare's isle may have een full of noises, sounds and weet airs that give delight and urt not . . . but these days, hen nearly every home has me sort of hi-fi system it is icreasingly clear that there re noises and then there is usic reproduction.

Frankly, the sounds heard in me of the music "superarkets" whether from records, assettes, radio or the increasig number of compact disc ayers, can make it a distressg experience. The only rean most of London's Tottenm Court Road and other pile 'em high" merchants osper appear to be that far o many potential purchasers decent equipment find it too unting an experience to venre inside the specialist hi-fi ops with their esoteric equipent and private listening oms. Some of my experiences ade me understand why.

Six unannounced, anonymous sits to specialist dealers (four London, two in the Home unties) resulted in three imediate listening sessions, two olite requests to telephone and ake an appointment and one t-so-polite brush-off. Three her dealers were telephoned st and one of these resulted an appointment which, when arrived, prompted the sugstion "hang on a bit and we'll e what we can do." I finally t to hear some music—70 inutes later.

The unannounced visit to homas Heinitz, 35 Moscow oad, London W2, was the most fun. I was greeted like an old friend and ushered into their one large listening room opening straight off the street. Traffic noise didn't seem to worry them as I settled down to listen to their rather limited selection of equipment. "Oh, any amplifier will do provided it has enough power" followed my earnest request for information, and a query about CDs resulted in much the same response, although they were the only dealers who really enthused about CDs. The big Quad electrostatic speakers were recommended, as were rather aged but very compact BBC LS3/5A speakers. The addition of a Jim Rogers subwoofer was a pleasant surprise.

I remain a trifle doubtful about their whole approach to hi-fi but found it hard to resist a return visit because of the eccentric conviviality of the experience.

Listening at **Grahams, 86-88 Pentonville Road, London N1,** was a different business. It is hard to find them in what looks like a run-down warehouse. Once inside I was grilled about what I was seeking and how much I could afford. I know this is important, but far too many dealers tailored their whole approach to the cash available—not one suggested I listen to something of higher quality. In other words they were more interested in selling me equipment within my price range than convincing me to aspire to something better. This seems to me to be a major mistake. It means that to hear something better one must either call on friends or go to a hi-fi show where one inevitably has to queue to hear top-end equipment, often in hotel rooms that are not ideal for listening.

I had two listening sessions at Grahams and, although the demonstrator clearly knew his subject he was different from the man who took my details and didn't inspire complete confidence — partly because of his slightly "cold" approach and partly because he recommended a couple of amps not really powerful enough for my needs. But a good dealer to try it you have a good idea of what you want.

The gentleman at **Radlett Audio, 141 Watling Street, Radlett, Herts,** was helpful, anxious to please when I rolled up at lunch and appeared deliberately vague about what I wanted. I came away encouraged by his advice about Linn equipment, less pleased by his suggested speakers, two of which had just arrived. The difference between the four pairs I heard in my price range was quite astonishing and my visit underlined for me the importance of proper spiked speaker stands. I was quite impressed by Radlett Audio but there was far too much exotic looking "gear" that I never got a chance to hear.

Audio T, 190 West End Lane, London NW6, thought I might like some secondhand equipment they had—which might well have been a good idea—but when it came to new equipment the demonstrator simply agreed with my suggestions without mentioning alternatives. Perhaps my choice was perfect, but he could have moved me upmarket without any effort.

Studio 99, 81 Fairfax Road, London NW6, is a rather superior establishment — not really one to wander into on spec. They have a useful range of quality units; leavened by Bang & Olufsen equipment which is high on looks but not always so high on sound, even though I have owned two pieces of their range for 20 years and both are still functioning well. Studio 99 staff can seem a trifle supercilious when dealing with the simple souls known as customers—but actually I know them to be charming, knowledgable people both in London and at their other shop in Harpenden, Herts. At Harpenden they stock a more limited range of mid-price equipment—aimed at the commuter belt, perhaps—and I would suggest a London visit.

Attractive discounts are available at **Sound Deals**, a small outfit found in the quiet backwater of **Biggleswade, Bedfordshire (56c Shortmead Street).** Friendly service and a reasonable mid-quality range. Obviously not too much demand for the esoteric high-priced equipment, but if you are interested in a trade-in do talk to them. Slight bias against CD—but stock the better mid-price players. Will open almost any time to suit you—a big plus in my book.

Probably Britain's most famous dealer is **Subjective Audio, 2 Camden High Street, London NW1.** A large range of top quality equipment and very pleasant service. If you are in the market for the best hi-fi then a visit is almost obligatory. However, at Subjective Audio, Audio T and Radlett Audio, the demonstrators all left the room several times, leaving records playing that I did not want to hear. Clearly they were too busy—under too much pressure.

It makes sense to take along a record you know well. At nearly all the dealers the available display records were in less than pristine condition.

Out of the ten specialist dealers visited all but two mentioned the importance of setting up equipment properly in the home and offered to do so. Clearly I imagine they might not be so keen to do so in the lowest price bracket, but once hooked on real hi-fi most people eventually upgrade their equipment.

And so to **Tottenham Court Road.** I first sought a cassette deck and then advice on CD. Most goods on display were of Far Eastern origin and facilities for listening were almost non-existent. Most of the staff in the five "supermarkets" I visited would probably not have known a woofer from a flux dumper. One rather sweet Indian gentleman tried to convince me that I really wanted a Walkman instead of a CD player. Our conversation was hilarious, particularly later when I wanted to hear some of the speakers they had piled in heaps on top of each other. The next door store was so full of eager Japanese "punters" that I gave up. I was offered pretty good HP terms on a nice Nakamichi cassette deck.

If you know precisely, and I mean precisely, what you want then Tottenham Court Road could be worth a visit—but you can probably get better prices at Comet or Dixons except on discontinued lines.

However, there are some knowledgable dealers in the area. The curiously named **Cornflake Shop, 37 Windmill St, London W1,** has a small selection of low and mid-price equipment. They do not stock CD. Attentive young staff will appeal to the trendy and certainly deserve support. They should make every effort to widen their stock range. The shop is so named because they intended to open a coffee/cereals snack bar with hi-fi in the basement. It didn't quite work out that way but they provide good free coffee to potential clients.

In conclusion, specialist dealers may not be perfect—far from it in some cases—but they know a lot about hi-fi and, despite occasionally seeming a trifle jaded (perhaps understandably), they can be persuaded to advise and inform. Their staff do not appear to be on commission which is important, and they invariably love music. They deserve patronage.

Notions treated like treasure

HERE IS a shop in New York lled Tender Buttons. The triguing name was enough tempt me across town and I as well rewarded for the fort. Unlike the fusty haberishery departments that are e traditional outlets for ttons in England, I found a ic and charming shop where ttons are treated with the spect they deserve. For nder things they are—from e simplicity of old linen ttons for fastening pillowses, to the trendy plastic ones at come in crazy shapes and lours.

Mass produced, boring, plastic ttons dominated the post-war arket but, fortunately, there a move away from mock other of pearl to real shell, rn, jet, wood and other tural materials. Even the stic ones are fun now, proced in myriads of fashionable ades and in shapes from teaps to teddy bears. Buttons n't have to match, either; five six different varieties can seen down the fronts of rdigans walking around ndon nowadays. Button Box Covent Garden specialises in se motifs, and with a selecn of old buttons to choose from as well it has a lot to offer the button-lover.

Tender but tough, many buttons have survived much longer than the garment they adorned originally. Some were never used and have become collectors' items. The Button Queen in Marylebone High St, London, is an antique button collectors' paradise where silver and gold, enamel, steel, and hand-painted portrait buttons can be found.

It stocks some modern makes as well, including a good selection of horn—still made in England from horns sent from all over the world. The slightly translucent ones are cut from the horn's centre, while the ones with rough backs are cut from the outer part and then steamed into shape.

Real mother of pearl and paua shell are a speciality, and there are sparky paste ones set in silver, reproduction art nouveau and a parade of military brass, which reminds you that the forces always took buttons seriously.

Most of us undervalue these essential objects that keep one side of our clothes in contact with the other. While we are happy to pay £5-£10 for a pair of fashion earrings that will languish in a drawer after one season's wear, the enduring button rarely prompts us to part with more than a few pence.

The dress pattern manufacturers also show little respect for buttons and list them, along with elastic and interfacing, under "notions required." But if you take notions to mean ideas, then a wealth of possibilities emerge. Try choosing the buttons before the fabric. The results may be more exciting than expected when these dressmakers' jewels are awarded pride of place.

IN STITCHES

The Duttons for Buttons selection of jewel-like buttons is truly amazing. In their four shops, York, Otely, Ilkley and Harrogate) they stock more than 6,000 varieties. Drusilla White inherited a whole garage full from her father—and you can get a lot of buttons in a garage. There are fabulous French glass and Florentine enamel, leather, horn, casein, wood, silver gilt and bronze, flowers, nobbles, and exotic shapes old and new. Her supplies are relished by theatrical costumiers and she runs a mail order service, too.

It is surprising to find young craftsmen making buttons for a living nowadays but, thankfully they are a growing band. In Liverpool's dockside, Sleeves Inc makes buttons that look like crosssections of seaside rock or liquorice allsorts. They roll out the mixture of colours and cut it across to reveal little windows, rainbows, flowers, patterns and stripes. The results are exquisite.

Many choose porcelain for their material, and the revered potters Lucy Rie and Hans Coper, whose pots now fetch thousands of pounds at Sotheby's, made ceramic buttons for a living in their early days of potting. Today, Trisha Raffety's ceramic buttons are almost too pretty to use, and cheap at £2.50 a card when you consider the work. She paints the cards herself and the buttons form part of the picture. They make lovely presents for those who appreciate workaday art.

Carolyn Hird, stamping out porcelain buttons (machine washable) glazed with subtle shades and splodges, and Peter Ridley, turning exotic hardwoods, are among those working to please the button appreciator.

The top London department store Harrods, of course, has the most expensive non-precious buttons I have seen. It seems too much to pay £22 each for unexciting cards of hand-painted buttons from France. Although it would be different if they were little individual works of art. The ones Jean Muir uses on some of her clothes have been made with fabric in mind and are real treasures in themselves.

So, next time you need a button give it a little care and thought. You might find unexpected pleasure if you treat the notion tenderly.

Tender Buttons: 143 East 62 Street, New York 10021, US.

Button Box: 44 Bedford Street, Covent Garden, London WC2. 01-240 2716. †Mail Order.

The Button Queen: 19 Marylebone Lane, London W1M 5FF. 01-935 1505.

Duttons for Buttons: Mail order correspondence to Duttons, 15 Lowther Arcade, Harrogate HG1 1RZ. 0423 502092.

Sandra Duvall and Julia Hill, Albert Dock Village, Liverpool L3 4AA. (Write for lists of other stockists).

Carolyn Hird: Holroyd Mill, Back Road, Micklethwaite, nr Bingley, West Yorkshire. 0274 566402.

Trisha Rafferty and Peter Ridley: buttons available from Button Box.

Karen Elder

• BOOKS •

J. D. F. Jones looks at a new probe into the business role in South Africa

Seam running out

BLACK AND GOLD
by Anthony Sampson. Hodder & Stoughton. £12.50 280 pages

THE MOST terrible thing about South Africa today is not the White government's panoply of repression, nor the necklacing and intimidation of Blacks by Blacks, but the sense that *no one* can see a realistic solution. And so we watch that beautiful, enchanting, monstrous, insane country proceed—though more slowly than the world expects —towards civil war, chaos and the grossest suffering.

This is what Anthony Sampson correctly calls a "fearful pessimism" and in this miraculously up-to-date book he concentrates on the role and significance of the Western businessman in the events of the last few years when—it is his central thesis — the Americans "pulled the plug" on apartheid.

The academics have been arguing for years about whether or not apartheid has always been a function of capitalism; the debate has a more-than-academic interest in that it concerns whether a Black-majority-ruled South Africa (Azania?) is remotely likely to have time for capitalism and — it might follow — for the West. Hence the recent trekking of South African liberal businessmen to Lusaka or Europe to assure Mr Oliver Tambo and his A.N.C. command that they can be persuaded to think him a good thing.

Of course, there is a lot of nonsense talked about this. Anyone who knows South Africa is aware of the near-unanimous willingness of White businessmen over many years to endorse by their life styles as well as by their corporate policies, the actuality if not the ideology of segregation and discrimination.

But today every international company finds it necessary to proclaim its detestation of apartheid and its commitment to corporate practices which soften, and even defy, government legislation. It adds up to very little *in the eyes of the Blacks* —and it is this black perception which is going to matter. Western businesses which really objected to the morality of apartheid got out years ago—like Mr Neil Wates—or had the simple good sense never to get involved. The rest is too often hypocrisy. As this newspaper reported last week Mr Gordon Waddell, one of the top-top men in the Anglo American group, a decent man and a Progressive Party activist to boot, has just announced he is leaving the Republic in despair; he leaves behind a major company JCI, in which the Black presence at higher levels is derisory. Who in his right mind, and with access to the history of the past 100 years, can expect South Africa's Blacks to believe that White big business has been on their side?

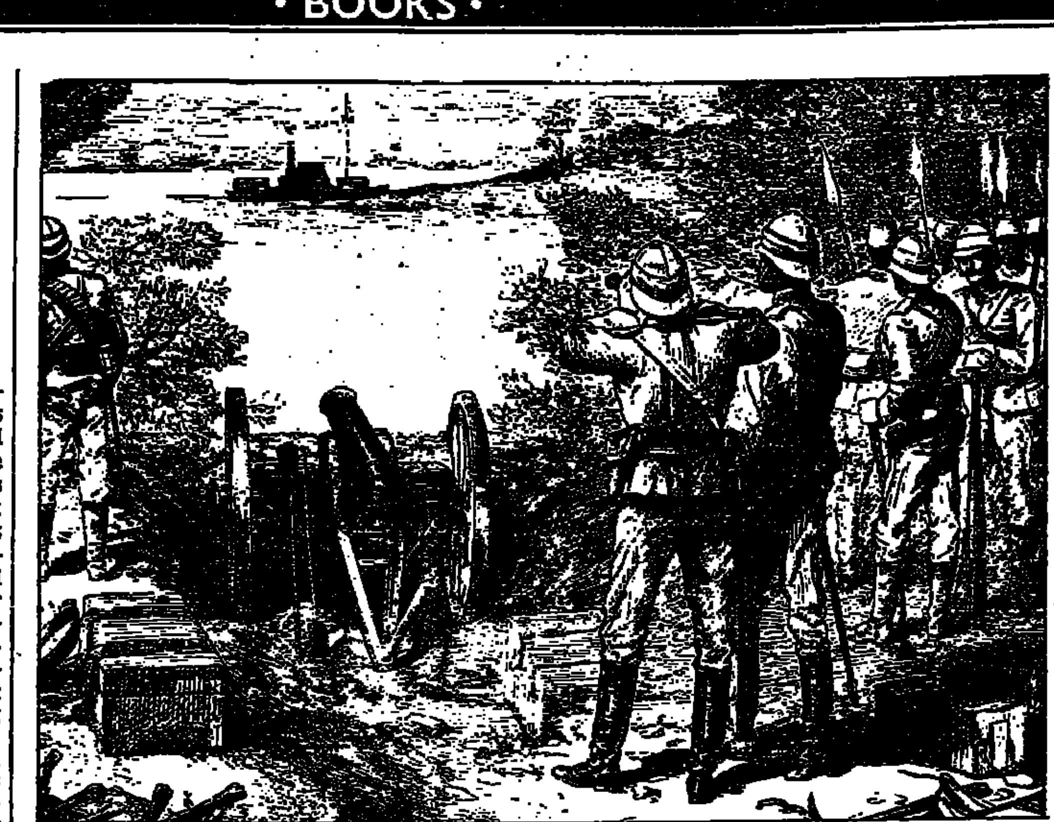
Until recently, that is. Mr Sampson attaches great importance to the decision of the American banks in 1985 to implement the "capital boycott" which is, or ought to be, the weapon most feared by Pretoria. He reminds us of the background: the preference of the British to hedge their bets because their exposure in the republic was, and is, so large; the new-found interest of the US in South Africa; the importance of the "hassle factor" as American banks and corporations came under wearisome domestic pressure; the manifest failure of Reagan's "constructive engagement" to win adequate reforms; the conversion of the US Congress to sanctions. "For 40 years the Afrikaners had dismissed most Western rhetoric against apartheid, with good reason, as mere posturing; they had remained confident that the West would back them up against the communist onslaught when the chips were down. Now for the first time the Western rhetoric had been backed up by governments, as well as by banks and corporations, in an unmistakeable dissociation." And at the same time the Western governments —even Mrs Thatcher's—started talking to the ANC; in other words, they began to change sides.

What had happened, in just a few years? Yes, Pretoria—under pressure—had tried (is trying?) to reform as the world demands, but, of course, too slowly if not altogether too late: the old story. The "Oppenheimer Thesis" in the 1960s argued that apartheid would wither away as a consequence of economic growth. There was some truth in this, but not enough; the new middle-class Blacks continued to be alienated because apartheid denied them a real equality—and their alienation was the more effective because of their newly-enhanced influence; the companies tried to reform but not enough of them could bring themselves to do it fast enough; they were meanwhile drawn ever tighter into apartheid's armaments industry. White businesses tried to pull away from the past, but Black dissatisfaction accelerated ahead of them.

Which left the businessmen bewildered. "Where can you draw the line?" asked Mike Rosholt (Barlow Rand) of the once-respected demarcation between politics and business, as he and his fellow "liberals" flew into private seminars in places like Leeds Castle. Back in Soweto no-one gave a damn for his dilemmas. In the meantime, too little work was being done, either by White opposition politicians (with a few honourable exceptions) or, much more importantly, by the ANC, on the detail of the political and social transition system that will be needed in any situation short of a bloodbath.

Mr Sampson's rather cursory conclusion seems to be to call on Western businessmen to stay on in South Africa—i.e. *not* to disinvest—and to "face up to a future Black majority"; it is not clear what he means by this, which is the only serious weakness in a valuable and timely book. He even sounds a surprising note of optimism in his final pages: "It is quite true that the Afrikaners, unlike the French in Algiers, have nowhere else to go; but for that reason they will in the end—unlike the Whites in the Deep South—face the realities of compromise, as the French colonists never did."

Do you remember De Gaulle's warning to a pieds noirs delegation? "Alors, vous allez souffrir. . . ."



Major-General Sir Charles Wilson watching the arrival of the Safiya at Mernat Island. It is one of many illustrations to "A Good Dusting" (Leo Cooper/Secker & Warburg, £16.00), Henry Keown-Boyd's absorbing and newly researched account of the Sudan Campaigns, 1883-1899

Michael Prowse assesses a re-think about riches gained from Empire

Costing Britannia

MAMMON AND THE PURSUIT OF EMPIRE: THE POLITICAL ECONOMY OF BRITISH IMPERIALISM, 1860-1912
by Lance Davis and Robert Huttenback. Cambridge U.P. £30.00, 394 pages

JOSEPH CHAMBERLAIN, attempting to establish the doctrine of "creative imperialism," once referred to the British Empire as a "great estate." The British people, he said, were the "landlords" and it was their duty to develop the estate.

Historians and social commentators have tended to assume, after the most cursory examination of the available statistics, that British imperialism was a good business proposition: Chamberlain's landlords are usually thought to have made large profits from the estate. Indeed, in some minds the words "imperialism" and "exploitation" are nearly synonomous.

In Mammon and the Pursuit of Empire, a quasi-scientific test of such assumptions is attempted. Lance Davis and Robert Huttenback, "new wave" economic historians for whom a computer printout is as familiar as an ancient manuscript, spent more than a decade rummaging through the financial relics of British imperialism. Along the way they managed to provide employment for no less than 38 research assistants — a sign surely of the generosity of academic budgets in California.

The principal finding of this research blitz is that, while some individuals benefited from the imperial connection, "the evidence indicates that probably at no time, and certainly not after the 1870s, were Empire profits sufficient to underwrite British prosperity." The British people as a whole, they claim, certainly did not benefit economically from the Empire.

This is a surprising conclusion. After all, many theorists —and not just Lenin and Rosa Luxembourg—have argued that the pursuit of economic gain provides the main motivation for imperialistic expansion. Is it conceivable that the Victorians would have been as rich, if not even more rich, had red paint on the globe been restricted to the British Isles?

The first step on the road to this conclusion is an estimate of the relative returns on corporate investment in the home economy, the Empire, and foreign countries beyond the Colonial Office's jurisdiction. Davis and Huttenback (and the 38 research assistants) find that between 1860 and 1879 Empire returns averaged 15.4 per cent a year against 12.2 per cent and 11.4 per cent in the home and foreign sectors respectively.

However, the apparent profitability of Empire was short-lived: imperial returns plunged to 6.7 per cent between 1880 and 1913 against 8.3 per cent and 7.1 per cent in the home and foreign sectors. Taking the period as a whole, the authors conclude that there is no evidence of especially high profits.

But if imperialism did not, over the long haul, offer British investors extra returns, it did impose on them extra costs. The main additional burden was the cost of defending the Empire which, argue Davis and Huttenback, was borne almost entirely by the British taxpayer.

In the Victorian era Britain was the most heavily taxed nation on earth. Britons paid about two and a-half times as much for defence as the citizens of other developed countries. Meanwhile the colonies with responsible government, such as Canada, the defence burden was only a quarter of the average in the developed world. The inhabitants of dependent colonies such as Rhodesia paid less than a quarter of the average defence costs of under-developed countries.

The imperial subsidy did not stop at defence. Britons also underwrote administrative costs, made infrastructure grants, subsidised interest rates and guaranteed loans. All told, argue Davis and Huttenback, the private returns from Empire investment have to be reduced by some 3-5 percentage points to reflect these social costs. Thus even during the heyday of imperial investment (1860-79), the social return from Empire holdings was only 10-12 per cent, against 12 per cent plus in the domestic economy. In the twilight years of Empire, the imperial subsidy cut the effective return on Empire investment to perhaps only a quarter of that available at home.

The Empire was, however, a means of transferring wealth from the middle classes to the upper classes and from the provinces to London. Davis and Huttenback suggest that the middle classes faced roughly two and a half times the tax burden of the upper classes and thus shouldered most of the burden of empire. But they tended to invest disproportionately in domestic British companies in the early years when imperial profits were very high. The upper classes in contrast displayed a marked preference for Empire stocks.

There was also a fascinating geographical divide. London portfolios on average contained only half as many domestic securities as provincial portfolios: "the attractiveness of Empire seemed to decline almost exponentially the further one travelled north from the City."

Davis and Huttenback's arguments are likely to be heavily criticised. Left-wingers will resist the conclusion that imperialism was an economic waste of time because, if Britain did not gain, how could other countries have been exploited?

Non-numerate British academics are likely to resent the book's heavy reliance on statistics. Some are already arguing that its data-base is too poor to support the conclusions. It is galling, after all, to discover that a couple of Californians have dug out more facts about Britain's imperial finances than generations of Oxbridge scholars. The only way the Brits can prove the Americans wrong is by examining the figures even more carefully. The days when economic history was a matter of woolly generalisations are past.

This book, now published in the US, will be published in the UK in March.

David Churchill on the boss at M & S and his creed

Sparks fly

DON'T ASK THE PRICE: THE MEMOIRS OF THE PRESIDENT OF MARKS & SPENCER
by Marcus Sieff. Weidenfeld & Nicolson. £14.95, 260 pages

MARCUS SIEFF is best known as the man who took Marks & Spencer during the 1970s from being merely a very successful chain store to becoming Britain's biggest and most successful retail operation ever.

While other family dominated firms have fallen away during the turbulent changes in retailing over the past two decades—changes covering, for example, the abolition of resale price maintenance and the introduction of self-service — Marks & Spencer grew into today's premier stores group with sales approaching £4bn a year and pre-tax profits over £350m.

Yet Sieff's memoirs are, surprisingly, often sketchy about how this transmogrification came about. We are left wondering exactly what the secret of Marks & Spencer's actually is: or, perhaps, the secret is really no more than Sieff's oft-repeated maxim about the importance of good human relationships.

Yet while Sieff is best known through his M & S, his memoirs concentrate heavily on the part he played not only during the Desert War but also during the critical and tense years when the State of Israel was declared and survived.

"As a youth I was perhaps more conscious of being a Zionist than a Jew," Sieff states. Ben Gurion, Israel's first Prime Minister, called on Sieff's help in the War of Independence largely as a result of Sieff's war-time experiences.

Yet Sieff was very much the nuts and bolts, organisational soldier of the Africa campaign turning his retail experience to advantage in the provision of guns and supplies.

In this, he was particularly unsuited to the fight for Israel's survival in the late 1940s when practical fighting experience was desperately needed. But, given the state of the Israeli war machine at that time, Sieff emerges as a key influence. "I decided, therefore, that my first major submission would be on the state of the so-called Israeli air force," he recalls. "I have no record of my report, but I well remember saying that the then air force commander was unsuitable; he was dismissed from his post within forty-eight hours."

But Sieff's real contribution to the formation of the state of Israel came about during the early 1950s when he served as a lobbyist in London against the combined forces of the pro-Arab Foreign Office of the time.

His level-headed support of the Zionist cause eventually, in 1974, saw James Callaghan as Foreign Secretary, offer Sieff the job of British ambassador to Israel. Sieff declined: "Everybody knows of my long and close relations with Israel and no one would believe that if I went there as ambassador I would put the UK's interests first, even if I were doing so," he told Callaghan.

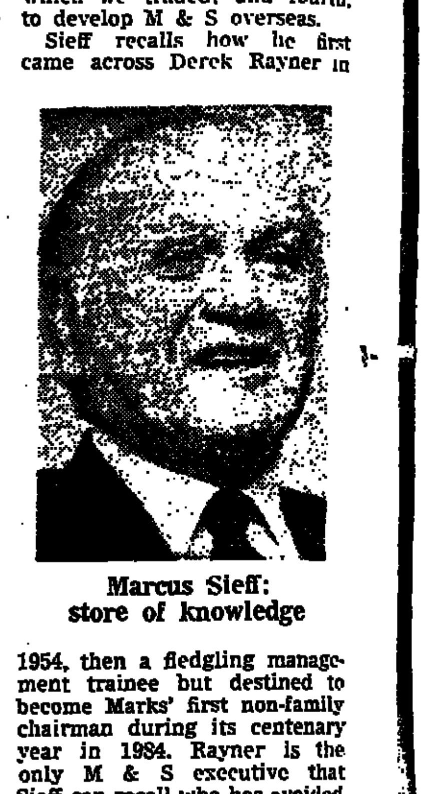
Callaghan believed he would, but Sieff stood fast and declined the posting.

It was to Marks and Spencer's good fortune that he did. Sieff had joined Marks in 1935 at a wage of £2 10s a week as a management trainee in the Hammersmith store. "I got a good grounding in the business at Hammersmith, where I learned that the most important person was the customer," he recalls.

Sieff remained in touch with Marks' development during the war years and the struggle for Israel's independence. It was then that he increasingly began to get involved in the running of M & S, culminating in becoming chairman and chief executive in 1972.

"My main targets, in addition to developing able leaders with greater responsibilities, were first, further to develop production in the UK and so increase emloyment at home; second, to improve human relations, not only in our own business but also with our suppliers; third, to increase our involvement with and contribution to the communities in which we traded; and fourth, to develop M & S overseas.

Sieff recalls how he first came across Derek Rayner in



Marcus Sieff: store of knowledge

1954, then a fledgling management trainee but destined to become Marks' first non-family chairman during its centenary year in 1984. Rayner is the only M & S executive that Sieff can recall who has avoided the two-year obligatory training in a Marks' store, largely as a result of Sieff insisting that his talents were brought into the mainstream of the business much earlier than normal.

Sieff the man comes across in his memoirs as someone who does not suffer fools gladly. It is a reputation that he has clearly established with both his colleagues and peers, even though the Sieff version of events may not always square up to those of his adversaries.

Sieff recalls those suppliers, in particular, who failed to match up to M & S's exacting standards and who were eventually weeded out. "A number of other suppliers, some of whom we had been doing business with for a considerable time, were falling by the wayside: because of lack of good management and/or investment, or failure to develop, they simply were not up to it."

Sieff's strength of personality even stretched to his life peerage. His father had already usurped the title of Lord Sieff of Brimpton in the Royal County of Berkshire. Marcus Sieff, when awarded a life peerage in 1980, sought a similar title since he lived in the same area; eventually he compromised and insisted on being called Lord Sieff of Brimpton, *of Brimpton* in the Royal County of Berkshire.

"Thus a satisfactory solution was found to a very serious problem," Sieff suggests, perhaps only half-jokingly.

Gangster's bequest

Fiction

CASSIDY
by Morris West. Hodder and Stoughton. £10.95. 251 pages

WHORE BANQUETS
by Matthew Kneale. Gollancz £9.95. 155 pages

THE FIFTH GENERATION
by Karen Gershon. Gollancz £9.95. 159 pages

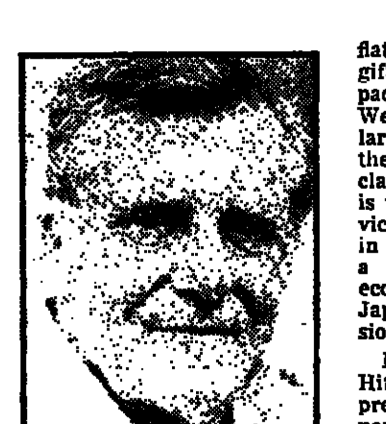
AIR AND ANGELS
by Annie Bullen. The Alison Press/Secker and Warburg, £9.95. 216 pages

CASSIDY, AS his creator Morris West cheerfully admits, is a type, a bent politician, a rip-roaring, hard-drinking, cigar-smoking caucus bruiser of the kind to be found in whorehouses everywhere from Boston and New York to Chile and the Vatican City. A gangster as rough as they come, as corrupt too.

This particular specimen is premier of New South Wales, in the author's native Australia. He is also dead, to all intents and purposes, for the novel is constructed around his will and the trouble it creates for Martin Gregory, his estranged son-in-law, who doubles as his executor. Gregory is the son Cassidy never had, a good lawyer, as Cassidy himself was, but honest where Cassidy was a *crook*, upright where the older man was not. It is Cassidy's last joke that the unravelling of the will will drop his daughter's prim husband into a mess every bit as unsavoury as anything Cassidy ever had to deal with, a mess from which he will find it impossible to emerge untainted.

Drugs, prostitution, bribery, blackmail, murder—even before the will has been read and the documents sorted, Gregory is a marked man. His life is in danger, whether from Cassidy's political associates anxious to keep the lid on a scandal, a mysterious Swiss financier keeping tabs on him from a distance, or a gung-ho Thai general whose daughter was Cassidy's mistress, he cannot be sure.

All he knows for certain is that he is in it up to his neck, and that it is Cassidy's doing. His wife accuses him of carrying on just like her father, but



Morris West: post-mortem plot

the moral choice—as so often in Morris West's work—is not as clear cut as that. It is difficult to believe in fact that even the most malicious of wills could land an executor in so much trouble, but if the basic plot is a little flimsy, there are plenty of speedboats and exploding aeroplanes to liven things up, and the picture of corruption in Australian public life comes across as an accurate reflection of the truth.

Matthew Kneale's first novel Whore Banquets is set in Tokyo where the author, like his hero Daniel Thayne, spent a year teaching after university. It is a romance of a sort—it was runner-up for the Betty Trask Award last year—and also a study of the profound difference between two mutually exclusive societies.

Daniel has lost his passport and is without a work permit. He teaches English illegally for starvation wages while pursuing a liaison with girlfriend Keiko, much stigmatised in her own country because of her previous divorce. She was his student, but he met her clandestinely after work without seeking permission from his employer—a shocking display of disloyalty to the company, for which he is duly punished in a very roundabout Japanese way.

Keiko's family are not happy about him either, but they decide to trap him into marriage anyway, to regulate the situation. They march into his flat bearing a fridge and other gifts, and generally force the pace. Daniel reacts with Western intransigence, particularly when he discovers what the family does for a living. The clash between the two cultures is total, and narrated with conviction. It is a little contrived in places, yet neatly observed, a pleasant if occasionally eccentric contribution to Anglo-Japanese mutual incomprehension.

Nearer home, the late Herr Hitler has been getting a bad press recently, what with one novelist, Wessel Ebersohn, accusing him of impotence and at least three others—Janice Elliott, Michael Spicer, Karen Gershon—crediting him with having fathered illegitimate children. In Mrs Gershon's The Fifth Generation (the iniquity of the fathers being visited only unto the third and fourth) his offspring is said to be Peter Sanger, an ostensibly Jewish orphan adopted by an Anglo-Jewish couple and brought up in England after the war.

Some closet Nazis track Peter down and invite him to London. They reveal swastikas on the reverse of their lapels and produce a magnifying glass to identify the all-important initials tattooed on his behind. The stuff of comedy in some hands, but not in Karen Gershon's. Her story is ultimately about an adolescent youth's struggle to come to terms with himself, regardless of his true identity, yet it lacks narrative push and does not come off as well as it might.

Annie Bullen's Air and Angels is a little slow-moving too, an everyday story of country folk in the form of two sisters, one a glamorous if flighty model, the other a dull but happily married mother of three living somewhere out there in Sloane-on-the-Wold. Counterpoint is provided by an elderly refugee from the Nazis who writes letters to his dead wife and keeps the most appalling things in his trunk. It is fine, as first novels go, but sounds a bit too much like a summary of the author's past life to be utterly enthralling.

Nicholas Best

CRIME

THE SECRET OF ANNEXE 3
by Colin Dexter. Macmillan, £8.95, 176 pages

GOODNIGHT, SWEET PRINCE
by Alan Hunter. Constable, £7.95, 218 pages

FOR SOME reason the Thames Valley Police are a favourite with mystery writers, and the force's ranks are swelled with fictional officers. Oxford, too, is — understandably — a popular setting for invented crime. Here, in The Secret of Annexe 3, town is more prominent than gown. During a fancy-dress New Year's Eve party at a local hotel, a man is murdered. After the discovery of the body, the seamy—and steamy—lives of the revellers have to be investigated by Mr Dexter's sharply-drawn Chief Inspector Morse, with his Sancho Panza Sergeant Lewis. The initial complexities are neatly laid out, and the solution is gratifyingly concise.

A good, smooth performance by the reliable Superintendent Gently in Good Night, Sweet Prince. A swine of an art dealer is shot outside the White Hart in a town near Gently's country retreat. Several people, including his wife, would have good reasons to kill the man and the detective impartially weighs the evidence before reaching an answer.

William Weaver

Poets in the States

THE FABER BOOK OF CONTEMPORARY AMERICAN POETRY
Edited by Helen Vendler. Faber and Faber £9.95, 440 pages

GREAT ANTHOLOGISTS have one thing in common. They choose poems which represent not only their own taste but also that of what Philip Larkin called "the age . . . the century in which they were written." Nothing of the latter consideration seems to have entered the mind of Professor Helen Vendler in compiling The Faber Book of Contemporary American Poetry.

A good anthology should lead the reader through the poetic department store, illustrate the range of goods — and leave him to make up his own mind. Prof Vendler is like those no doubt sincere but totally misguided students who howl down the opposition before it has had a chance to make its case.

What, then, is the case which Vendler has suppressed? It is the influence of William Carlos Williams on contemporary American poetry. In her book the influence is entirely that of Wallace Stevens, who is dragged into the contemporary period because "he flowered late and came into his own only after the 1955 publication of the Collected Poems."

Prof Vendler has got her facts wrong. Yes, there was indeed an "age of Stevens" when every young American poet of promise seemed to be imitating the master — but that was between 1945 and Stevens's death 10 years later. By 1955 the signs of revolt were unmistakable.

From Black Mountain College Charles Olson had already issued his "Projective Verse" manifesto and the first of the Maximus poems. His colleague, Robert Creeley, had established a new and electrifying style in The Immoral Proposition and All That is Lovely in Men. For both, the example of Williams was paramount. The Beat poets, Corso and Ferlinghetti, had published The Vestal Lady on Brattle and Pictures of the Gone World. In fact, 1955, far from being the year when Stevens came in, was when he went out—as Donald M. Allen showed clearly in The New American Poetry, which appeared in that very same year.

Leaving aside the highly controversial figure of Stevens, Professor Vendler's anthology starts with Langston Hughes and moves on to Theodore Roethke, Elizabeth Bishop, Robert Hayden, Randall Jarrell, John Berryman and Robert Lowell. Nothing wrong with these—except possibly Robert Hayden, who is not of the stature of the others. But what about Ogden Nash, the most serious and memorable of the American "comic" poets? What about Richard Eberhart, Kenneth Rexroth and Robert Penn Warren—all born after Langston Hughes?

If you want to talk about "late flowering," Robert Penn Warren is a prime example. In the past 20 years this honoured veteran has produced poetry of such freedom and authority that no sensitive reader could fail to be moved.

Vendler has also omitted Delmore Schwartz and Karl Shapiro—both highly influential in their time—and instead of Robert Duncan, Reed Whittemore, Anthony Hecht, Denise Levertov and Kenneth Koch we find the recently discovered Amy Clampitt—a poet already in her mid-sixties.

The disasters multiply. James Dickey is in but Robert Creeley is not—nor are Robert Bly and James Wright. W. D. Snodgrass who, according to Robert Lowell, changed the whole tone of Lowell's poetry with his moving The Heart's Needle, is also omitted.

The period since the death of Sylvia Plath is a real test for the analyst of the American scene. Who are the new talents of the 1970s and 1980s? Vendler would have us believe that they are Mark Strand, Charles Wright, Michael Harper, Charles Simic, Robert Bidart, Robert Pinsky, Dave Smith, Louise Gluck, Albert Goldbarth, Michael Blumenthal, Jorie Graham and Rita Dove—a mind-boggling collection of nonentities in whose work a competent ordinariness prevails.

In fact the current period has been remarkable for the emergence of a new Black poetry and the sharp, high scream of the younger women poets: Sonia Sanchez, Nikki Giovanni, Diane Wakoski, Ai, Alta. You may find them a little rough but they are the voice of the present and the future. From her cosy and protected Harvard chair Prof Vendler has tootled her flute in defiant opposition. But who will dance to her reedy tune?

Geoffrey Moore

Peeler with pen

FURTHER PARTICULARS: CONSEQUENCES OF AN EDWARDIAN BOYHOOD
C. H. Rolph. Oxford £12.50, 231 pages

THE OLD cop is on the beat once more! Ex-P.C. Rolph of the City of London Police, minimum height 6 ft. An impressive body of men whom I used to think were all recruited North of the Highland Line. A sad case of chauvinism, I fear. And mistaken.

Having, long since, hung up his baton, Rolph has happily not laid down his pen. His memory ranges widely: his mind is acute; his temperament is tolerant. This last is a virtue not always found in men of his trade. For Rolph is a Do-Gooder. By which, in his case, I mean one who really does good, not the more common sort.

This collection of reminiscences first takes us most agreeably into the London of the 1920s, a London populated by night watchmen, "Scats" (who hang about Billingsgate Market to help fish-barrows up the hill to Eastcheap), carmen, licensed drovers leading flocks of sheep over Blackfriars Bridge to Smithfield, and so on. A London where the streets, paved with stone setts, were crowded with different coloured buses all madly competing.

The City had still some of the pungent Dickensian flavour. The Old Bailey had a Clerk of Court with a name that the Master himself could not have bettered —Wilfrid Nops. Cockney was still spoken.

From this teeming world, Rolph was *inevitably torn.* Inevitably because he was a cop who wrote and was printed in the New Statesman no less! A cop with ideas about how the administration of justice could be improved. A reformer in short. For such a man the Force, with all its virtues, was hardly the right place. It can be said too that many of the reforms he advocated have come into being and he has hopes of some more.

Of one of his proposals I confess I am doubtful: he would preserve the jury system in the form of lawyers, chosen by a council of representatives of such bodies as the TUC and—heaven help us!—the National Council for Civil Liberties. Would such a jury not, in fact, be a team of additional judges? If I am wrong in this, I expect Rolph to acquit me. He is, after all, a fair cop.

Fair, for example, to the men and women he met in his later years in journalism, such as Robert Frost, the American poet who thought that "great men" were only skilful opportunists: Raymond Chandler: "the job of being a writer is the only one in which you can make no money without being ridiculous."

Arthur Koestler roped Rolph in to help with a prize for the best artistic work done by a prisoner in custody. Looking at the entries, Koestler whispered that, if the first and second prize-winners were artists, he was an all-in wrestler.

Busy, perceptive and quirky, Rolph has gathered many such illuminating anecdotes, to make a delightful collection.

George Malcolm Thomson

From Galli-Curci to Laurie Anderson, George Gershwin to Bruce Springsteen: illustrations from the new American Grove

Rich tapestry of US music

The New Grove Dictionary of American Music. Edited by H. Wiley Hitchcock and Stanley Sadie. Macmillan, four volumes, £395.

WEAVING all the strands of American music into a single, multi-hued survey is not a new idea, though it has never before been attempted on the massive and splendid scale of the *New Grove American Dictionary*. Observers from Wilfrid Mellers to John Rockwell have over the last 20 years synthesised the many aspects of American musical culture with convincing success; the idea of there existing a stylistic continuum that stretches from combinatorial serialism at one extreme to country rock at the other has been firmly established.

When I wrote about John Rockwell's fascinating *All American Music* on this page in 1985, I attempted to suggest some reasons for the surprising coherence of his subject matter, and why, for instance such an approach could not be sustained in discussing British composers and performers. The lack of cultural ghettos delineated by class in the US is the main reason; the legacy of the state-encouraged confluence of many disparate musical fields in the years of Roosevelt's New Deal is another. The Works Progress Administration, which in the 1930s brought the likes of Aaron Copland and Elliottt Carter to writing populist and popular ballet scores, confronted potentially iconoclastic musical thinkers with a larger audience in a way that must have seemed totally alien to anyone reared on the modernist tendencies of the previous decade.

The era in European musical history that began around 1910 is commonly taken to be the one in which composers and their public finally lost contact with each other. Whatever the truth of that, it was certainly not the case in America, where an authentic modernist tradition did not exist (Charles Ives lived out his life in musical obscurity) and the evolution of jazz from its dance-music origins to an art form in its own right fostered the belief that artistic radicalism was not the prerogative of an élite.

The coming together of many musical styles under the umbrella of the WPA encouraged further coherence, but more importantly it gave a common base to American music that persists somehow to this day, and allows an author like Rockwell to mention Elliott Carter and Neil Young in the same sentence without fear of ridicule, and has now encouraged the production of *The New Grove Dictionary of American Music*.

There have been a number of by-products of the original *New Grove Dictionary* published already—single-volume studies of a composer or group of composers based upon entries in the parent edition, suitably updated and given additional documentation. *American Grove* is a far more radical departure: while some of the entries have been taken over virtually intact, more have been substantially expanded and updated, and the majority are totally new.

Some of the new material is routine and of little interest to anyone not closely involved in the American musical scene—dust-dry biographies of minor luminaries from academic life, surveys of musical life in every significant city, details of library collections and so on. But there are many that expand the range and alter the slant of the dictionary radically—moving and fascinating accounts of the music of the Indian tribes, and of the early white settlers, and especially a vast survey of jazz, rock and country music that was quite beyond the scope of *New Grove* itself.

I first plunged into the four volumes two months ago, when I reviewed the set for the *New Statesman*. That entailed reading the major articles on the crucial figures in American music — Ives, Gershwin, Cage, Carter, Babbitt (the last an especially fine introduction to the baffling complexities of his compositional system) — the general surveys, the cameos of particular favourites. I've since found myself returning often to the set just to browse, particularly among the rock listings, testing its comprehensiveness (I haven't caught it out very often) and relishing the bibliographies and discographies (a feature not included in *New Grove*, and for jazz and rock quite invaluable).

In many ways it's a better read than *New Grove*: the style is less terse, more discursive, information can be more easily assimilated. The looser weave of the prose brings its own problems in some cases; there's the suspicion that the subject-area editors did not always exercise tight control on their writers, so that the balance between figures of major and minor importance is not always preserved. Some of the rock writers in particular seem incapable of using one word when they can get away with six, while their "classical" counterparts, trained no doubt in the stricter disciplines of *New Grove*, eke out words with admirable economy. I would have welcomed the chance to read, say, an appreciation of Rudolf Serkin or Isaac Stern that was as well rounded and approachable as the entries on Woody Guthrie or The Band, and the changes of tone inevitable to a certain extent when such an extensive list of contributors is involved does jar sometimes.

The scope of the dictionary is carefully defined, despite its comprehensiveness. The title is fractionally inaccurate: it is the music of the US that is covered not the Americas, nor even North America. Canadian musicians and composers are largely excluded unless, as in the case of a number of rock performers—Neil Young, Joni Mitchell—their careers have been based in the US. Even so, it's surprising not to find an entry for the pianist Glen Gould; Canadian born, he split his recording career quite evenly between Toronto and New York and would seem to justify inclusion just as urgently as many of the emigre composers and performers who spent some years in the US.

It might seem surprising to discover entries for Bartok and Hindemith, Schoenberg and Rakhmaninov in a dictionary of American music. The music they wrote in the United States bears no nationalist imprint, and their years in the country left no tangible mark upon US composers. The biographies and work lists do concentrate upon the American years, and read rather oddly; the inward-looking attitude to European music they imply, and which may well be true of some areas of American music, is oddly out of kilter with the admirably non-isolationist tone of the remainder of the dictionary. And when alien composers have been so eagerly recruited to the ranks of *American Grove* it's odd that no space was found for Benjamin Britten, who spent four years there in the 1940s, received a number of commissions, and whose music did clearly bear the mark of his American experiences. A brief essay on Britten in America would have been useful, far more so than the entry (little more than a chronology) on Luciano Berio, who is admitted on the basis of a decade spent teaching in various East Coast universities.

But these are very minor cavils in proportion to the wealth of information buried in these pages. It is hugely enjoyable to read, as I've suggested, and still after two months acquaintance capable of providing fascinating surprises. In the course of writing this review I chanced upon the entry on "Notation" which I'd missed previously. A history of notation *à la New Grove*, from Ancient Greek to the present day, would have been inappropriate for a dictionary whose brief is so specifically American. What *American Grove* offers instead is a copiously illustrated survey, which begins with the Psalm Books of the late 18th century and delves into the fascinating divergences of 20th-century composing methods, from Cowell, Ives and Partch to Cage, Crumb and Feldman. It's at once appropriate and hugely informative, with a relevance far beyond its primary American readership.

Clearly designed and spaciously produced, few current music reference books offer straightforward enjoyment, and none encapsulates a culture so compellingly. I was extolling the virtues of the dictionary to a critic colleague. "I don't like it much," he offered, "There's so much in it I don't need." To anyone taking the narrowest view of what musical culture is, and how one treats it, that may well be true. But for anyone tempted to take a more open-minded view of how a nation finds its musical identity it seems to me an utterly invaluable publication, despite the unreal price.

Andrew Clements

Radio

Jazz matters

THE "DIFFERENCE" in Radio 3's *Blues with a Difference* is that Kingsley Amis, choosing classic jazz records, chooses, in his words, records that are not interesting but enjoyable. As his first programme on Wednesday dealt with Bix Beiderbecke, they were all interesting and all enjoyable. I disagree with Mr Amis over some jazz matters, such as the talent of Frankie Trumbauer and the value of Paul Whiteman's band (has he ever heard "'Tain't so, honey, 'tain't so"?) but this series looks like being both enjoyable and interesting.

After all, there are as many opinions as people. I barely got a laugh out of Spike Milligan's *The Milligan Papers* (Radio 4, Wednesday), but the studio audience loved it, especially when Milligan and John Bluthal confused their lines, or pretended to. Perhaps Paul Spencer, the producer, was in the waiting-room (special joke for listeners); or John Antrobus, who wrote the lines, wasn't sure who to give them to.

I have had a weak spot for Steve Race since the time, ages ago, when I wrote thoughtlessly about what I called the stupid faces of American jazz players, and he wrote, very politely, and put me in my place. I had never met him, and indeed I never have, but I find his voice particularly sympathetic. In *The Two Worlds of Joseph Race* (Radio 4, Tuesday) one might detect some origin of the sympathy in this story of his grandfather. Aged 12, a washer-lad in a Weardale lead-mine, Joseph Race decided to be a missionary, and at once set about being one. Luckily for us, he kept excellent diaries, and so did his wife Hannah.

Their story, as Steve Race told it, was deeply interesting and heart-warming. Joseph set out at 25, in 1873, already able to speak a few words of the Chinese in which he later became fluent, and ran a little mission at Kwanji. By the next year he had added medicine to his activities; he was ultimately able to do an appendectomy and to operate on a cataract. He studied Chinese history, art, music and philosophy. In 1876 he married Hannah, his boyhood sweetheart, in Shanghai Cathedral. In 1880 he died from typhoid in Hankow hospital and Hannah brought her three children home. Christian Rodska and Elizabeth Proud played the Races and Steve Race spoke the commentary with the exact allowance of sentiment.

The drama schedule went slightly awry this week. At 8.15 on Monday on Radio 4 we had, not the Monday Play, but a feature about *Ruddigore*. The play came at 9.05 and ran only 40 minutes. *After The First Death*, by Richard Stayton, dealt with two children in a deep shelter after a nuclear bombing. Jimmy (Caleb Fernandez) has been blinded, but still feels it his duty to look after his little sister Annalee (Meilu Mc-Gonigle), who does not understand what is happening. The details of such an existance were drawn with a painful probability that I found alarming and distressing, just as it should be.

Something nearer to what, until lately, I have thought of as a typical Monday Play came from Radio 3 on Friday. Almost it was what, until lately, I should have called a typical Saturday play. It was, at any rate, a typical Barrie Keeffe play, about a teenage working-class offender who is presented with a sympathy that almost suggests approval. Buddy, in Borstal for nicking cars, chances to be with one of the screws when a slip on a muddy bank drives a pointed stick through the screw's chest (with some horrifying sound effects). Buddy, believing that he will be blamed, absconds and starts a round of adventures among sundry villains that are fairly exciting but hung too tightly on a line of coincidences.

Too often the characters are made to meet at dramatically the right time in exciting encounters that reek of the comic strip. Ronnie, Buddy's burglar brother-in-law, ends up in the hands of the law, but Buddy, being a teenager down on his luck, is allowed his freedom, stowing away on a ship bound for Brazil. Teenage wrongdoers never seem anything but misunderstood in Mr Keeffe's plays. The playing, under Richard Wortley's direction, was uniformly good, with Julian Firth as the East End Cockney Buddy, Clive Mantle as Ronnie, Harold Innocent as a drunken gay Labour peer and Richard Durdan as the priest

Sunday night was Burns Night, and Radio 4 repeated a lovely programme from Radio Scotland that they gave last year, Donald Campbell's *The Miller's Reel*. This followed the charming correspondence between Burns and his current girl, with a series of Scottish songs sung by Jean Redpath and Rod Paterson.

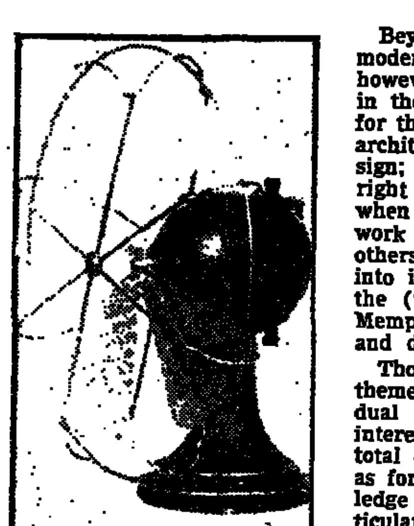
B. A. Young

Design

Modernism debunked

FAR TOO many architects take pride in considering themselves a race apart — not only from ordinary mortals, but also from their professional cousins in industrial design, graphics and the decorative arts. In Britain (though not in America) architecture has somehow even escaped its proper classification as a branch of design.

So a book which tries to put the design of buildings back where it belongs — alongside that of other everyday objects, such as cars, cameras, ceramics, furniture, fabrics and interiors —is welcome. Doubly so since it comes at a time when so many of the great gods of architecture, especially the dull purists of modernism, have suddenly fallen so low, and when their successors, the "post-modernists" are rampant right across the design spectrum.



An uncompromisingly industrial-looking fan by Peter Behrens for AEG, 1908

"Twentieth Century Style and Design*" sets itself a daunting task: surveying what it calls "the all-embracing nature of design in the first century of self-conscious, total design at every level of our living and environment." To make the job manageable it breaks the century into four neatly-labelled chapters: "the pioneers" from 1900 to 1915; ornament versus pure form in the 1920s and 1930s; austerity and reconstruction in the 1940s and 1950s; and experiment versus continuity from the 1960s to the present.

Each chapter contains three lavishly illustrated sections: on architecture and the urban environment; decorative arts and industrial design.

The book was jointly—and reasonably jauntily—written by an expert in each field: Philippe Garner, a director of Sotheby's and decorative art guru; Stephen Bayley, design historian and director of the Boilerhouse Project; and Deyan Sudjic, architecture critic and author.

In many respects they succeed in their task in spite of various irritations: the book's coffee-table format interferes with easy reading, for example, and Garner's stark distinction between design and style is artificial: design is manifestly not just concerned with function and rational form.

A more important drawback is that the "pitch" of Garner's introduction and some of the architecture sections is awkward: though the book is clearly aimed at the general reader, the clarity of these pages is muddied by the use of jargon such as "modernist semiology," and by an assumption that the lay reader knows what modernism stood for; it is not until the first of the admirably clear industrial design sections that the subject of modernism is really opened out with a clear explanation of its creed of unadorned simplicity of technological form (or brutalistic minimalism, as its detractors rightly call it).

The author's debunking of modernism, right across the design spectrum is the main unifying theme of the book. They mount a three-cornered demolition: that the modernists' supposedly objective purism was as much affected by subjective symbolism as were the styles of any other period; that modernism was less all-pervasive in its influence than generally thought (not only in traditionalist Britain, but also Scandinavia, and even Germany itself); and that, especially in architecture, it often simply did not work, either socially (the new urban slums of the 60s) or technically (Britain's Ronan Point tower block disaster).

A second unifying theme, which is all too often ignored by art-based design critics and historians, is the seminal influence of technology on the creation of new architectural and product forms. A fascinating passage describes the development in the 1890s, in France and the US, of the reinforced concrete and steel-framed systems which paved the way for modernist and other styles of multi-storey buildings to be given light and open interiors.

Likewise, the invention of electricity changed the design of household appliances, and also the structure of the industries which made them, just as the arrival of the micro-chip has now put paid to the modernist theory of "form follows function": these days the shape and appearance of a radio or a watch bears no relation whatever to the mechanism inside it.

Beyond the twin themes of modernism and technology, however, one has to search hard in the book's historical survey for themes which pervade both architecture and the rest of design; until, that is, one gets right up to the early 1980s, when the "post-modernist" work of Michael Graves and others began to find its ways into interiors and products via the (purportedly independent) Memphis group of industrial and decorative designers.

Though the book's unifying themes are patchy, its individual sections contain much interesting potted detail for the total design ingenu(e), as well as for the reader whose knowledge extends to only one particular aspect of design.

Thus the architecture buff can learn a little about the development of Japanese product design. He can explore the likely impact of new production technology on design variety and choice. And he can discover why product design is ceasing to concern mere *appearance*, and becoming all about *experience*.

Equally, the industrial design or decorative arts enthusiast can learn that post-modernist architecture was not, as most outsiders think, born in the 1970s by courtesy of the propagandist writings of Charles Jencks, but a good decade earlier through the practical pioneerings of James Stirling and Robert Venturi, and also through the latter's writings. The carbuncle-hater can also cheer Leon Krier's current campaign against the "denatured purgatory" of the modern city.

Despite its attempt to bridge the traditional gulf between the various design disciplines, the book cannot help but underline one of the factors which has caused the divide: the weight of obscure theory which has separated architecture — and to some extent the decorative arts —from the down-to-earth world of industrial design. Theories of vorticism, constructivism, metabolism and so forth have been refreshingly absent from industrial design, except among a tiny elite

With "community architecture" now the rage, at least in Britain, there is a chance that practical pragmatism may soon become the new unifier of the design spectrum. But given the history of the past 87 years, it is only a slim chance. Far more likely is that, as industrial design grows in scope and influence, it will ape the intellectual pretensions of architecture.

*Published by Thames and Hudson, Price £20. 320pp.

Chris Lorenz

Records

Composer in bulk

Poulenc: Orchestral and choral music. Prêtre/many different orchestras and choirs. EMI Pathé Marconi EX 2910133 (five records)

Beethoven: Complete sonatas for violin and piano. Stern, Istomin. Vols. 1 and 2: CBS 12M 39680 and 39681 (two records in each volume), also on cassettes and compact discs

Something that came in only with LPs, quite undreamt-of before, was The Complete Sonatas (or quartets or nocturnes or rigaudons) of X, played by Messrs Y and Z. The attractions of the format have been highly various, and deeply unreliable. In the early days they were just two principal veins: either collecting some famous interpreter's versions of all the sonatas of X (as with Schnabel and Beethoven), or else hiring — usually for a budget-price label — good but non-famous artists to commit X's complete stuff to record, when it was stuff that even the most assiduous concertgoer would encounter live only infrequently (Beethoven's songs, Mozart's piano trios).

Products in the latter vein had to be thrifty because they were aimed at music students and university record-libraries, and often they were musically cut-rate too. The other kind of monster album landed you with vividly individual accounts of a lot of great works, and if you listened too faithfully to them you became deaf to other artists' readings. Nowadays the lines are blurred: complete theses and that's by almost everybody are legion, and anywhere on a scale from simple routine (Messrs. Y and Z learned Rigaudons 14, 15 and 23 three days before the recording) to deep-studied and even inspired.

The new Poulenc and Beethoven collections have quite special virtues. The big EMI album of Georges Prêtre's Poulenc is a mere round-up of old performances and it isn't a "complete" anything — the orchestral pieces include none of the concerti (nor some incidental pieces) and the choral music omits the Eluard cycles *Figure humaine* and *Un Soir de neige* as well as the Mass in G and several ecclesiastical motets. Yet it is a rich haul, taking in major and minor rarities besides the long-admired *Gloria* with Rosanna Carteri and the *Stabat Mater* with Régine Crespin. Recent Poulenc converts who missed the original separate releases will treasure it.

As regular readers know all too well, I think Poulenc is the bone that sticks tantalisingly in the craw of musical modernism. His music seems shamelessly reactionary, superficially clever at best, sometimes downright gauche; at every hearing you think that any day now, it will sound hopelessly dated—by turns period-jokey and cheaply sentimental. And still you laugh and cry: it works. Prêtre offers few piercing insights, but loyal good sense—strict up-tempo brightness, no swooning, transparent balance. Within a few years these will sound like vintage performances, despite the plain imperfections of most of Prêtre's choirs.

The EMI presentation is shoddy beyond excuse: no texts, let alone notes, and not even dates of composition—only dates of recording! In fact the chronographical scope is wide. From 1921 there are Poulenc's contribution to *Les Mariés de la Tour Eiffel*, a Cocteau concoction for "Les Six;" from 1923 the ballet *Les Biches* (with the maddeningly unforgettable Adagietto), and from 1927 his winsome "Pastourelle" for another collaboration, *L'Eventail de Jeanne*.

A gap of 10 years ensues, broken only by a neo-classical essay in the manner of Stravinsky's *Pulcinella* (but gentler), the *Suite française* after Claude Gervaise (1935), and the ceremonial *Deux marches et un intermède* of 1937. Then came Poulenc's personal crisis and his renewed religious commitment: from the same year we get the rich and disturbing *Sécheresses* (on texts by our homegrown surrealist Edward James), and next year the sternly sweet motets "pour un temps de pénitence." During the Occupation years all Poulenc's music was poignantly fraught; the Suite from his ballet on Le Fontaine fables, *Les Animaux modèles* — never yet recorded in full — contains things that I find almost intolerably moving.

It is touching that Poulenc's biggest orchestral exercise, the 1947-48 Sinfonietta (a BBC commission), should have turned out so lightweight — though characteristic in every bar. "Abstract" music was something essentially foreign to the composer, who wanted texts and situations, or at least occasions for snook-cocking. The BBC still loyally mounts performances for the Sinfonietta; they are never as crisp and poised as Prêtre's. Then we have the splendid 1950 *Stabat Mater* and the 1959 *Gloria*, with their radiant sopranos, and between them tiny *hommages* to Marguerite Long and old André Campra; and finally one of Poulenc's last, magisterially fined-down works, the 1962 *Sept Repons des Ténèbres*.

The CBS recording of all Beethoven's violin sonatas, by Isaac Stern and his impeccably faithful partner Eugene Istomin, has a quite different appeal. Hardly any of us know the sonatas as well as we probably should: the nicknames "Spring" and "Kreutzer" ensure regular performances for two of them, but the others suffer from being serious, unspectacular music. Stern and Istomin take them up with fierce, selfless dedication — and what they offer seems to me a model of what anybody's Complete Sonatas of X should be.

Their readings don't proclaim themselves as personal visions of what Beethoven really meant. Stern is indeed what they are: energetic but dry, conscientious with the texts, recorded too close-up to imitate sweeping public-performance style. They leave appealing graces to other performers (their own "Spring" Sonata, for example, is incisive and prickly)—which is a boon we're left free to be freshly delighted by different artists, but against the tough, lean standards that Stern & Istomin set.

Their energy is electrical (not comfortable-Viennese at all), their phrasing consistently taut and high-profile; they lay bare points that future performers cannot afford to leave in soft focus. They seize one's attention, not by ear-tickling tricks but by rigorous care for phrase-sense. I don't much like recordings, but these astute, astringent performances make a bracing challenge: they teach the listener just where the dynamics of Beethoven's phrasing are located, and from now on no merely ingratiating effects will do. That's just what a "complete" survey of great music should achieve.

David Murray

Bristol blitzed

The Arts Council has cut its grant to the Bristol Old Vic Theatre, one of the most respected regional arts companies, by £70,000, giving it just £423,500 for 1987-88. This in no way reflects dissatisfaction with the Old Vic's artistic quality. It is just the Arts Council's way of putting pressure on Bristol City Council and Avon County Council to increase their expenditure on the theatre. In the current year they contributed just £193,160 and they are reluctant to increase that sum.

As far as the Council's biggest client, the Royal Opera House, Covent Garden; goes there is still haggling over the size of its subsidy.

Antony Thorncroft

Chess solution No 657

1 . . . R-KN7! (threat RxR ch and Q-N7 mate) and if 2 R-QN1, RxKNP is decisive. The game went 1 . . . N-B6? 2 R-R8 ch! and Black conceded a draw. If KxR; 3 Q-B8 ch, K-R2; 4 Q-KB5 ch, K-N1; 5 QxQP ch, K-B1 (K-R1; 6 Q-QR8 ch and 7 QxKP ch); 6 Q-B5 ch, K-K2; 7 QxP ch, K-Q1; 8 QxR, NxR; 9 Q-Q1 ch draws.

WEEKEND FT

• SPORT •

Keith Wheatley looks at decisive America's Cup factors

Psychology, skill...and luck

IAIN MURRAY and Dennis Conner would be two of the loneliest men in the world at present. In a few hours they meet at the start line of the America's Cup course. There will be a huge spectator fleet, helicopters buzzing overhead like flies and each skipper will have 10 other men on the yacht with him. In just a few days one will be the winner. There is no second.

That knowledge makes them alone. For America's Conner and Australia's Murray are not hired hands, picked to drive a boat fast. Each of them started his syndicate from scratch; just a telephone and a desk.

The designers, the computer people, the sailmakers, the crew themselves were chosen for Kookaburra and Stars and Stripes by Murray and Conner. There is no aspect of each boat or its equipment that is not their choice.

Nearly 10 years ago Conner wrote a book about his sailing career. He called it "No Excuse to Lose." Murray hasn't written his yet but it could have the same title. How do they match up? Conner has vast experience on his side; not just his own but among a crew who would have near 20 Cup finals between them.

It would take a hero to move into the gladitorial arena that Gage Roads will be at 1.10 pm on Saturday and not feel the pressure. Stars and Stripes crew are flesh and blood but at least they have been there before.

Jon Wright, the boyish-looking mainsheet trimmer, was bowman on Courageous when Conner won his first Cup in 1974. "Jon's working his way back and will be steering in 1999," joked his skipper last week.

Peter Gilmour, mainsheet trimmer and starting helman on Kookaburra, was still at school in Perth that year, probably trying out for Under-15s cricket team. Yet all through sporting history reigning champions have been toppled by the young and hungry. It is almost what they are there for. Murray's crew may lack the experience of going through fire together but they have every other credential.

They are also the home team. Towing out of the harbour, maybe the underdog, in front of thousands of cheering supporters is something that won't be happening for Stars and Stripes. All the satellites in the world can't put cheering faces on the jetty.

In the end, barring fluke winds or accidents, the best-of-seven series will be won by the faster boat. The history of the America's Cup is not about slow boats sailed by intuitive geniuses winning against the odds.

It has to be realised that this is now a technology race," said Kookaburra spokesman Grant Donovan yesterday. "If his technological development has been better than ours, he'll win. If ours is superior, then the Cup will go to us."

Perth naval architect John Swarbrick is the mainstay and chief designer of Murray and Swarbrick, responsible for Kookaburras I-III. Skipper Iain Murray, with less formal training but a great reputation in drawing 18-ft skiffs, is the other man at the drawing board.

Swarbrick comes from a well-known and respected Perth boat building family. The 29-year-old designer has been sailing around the WA coast and on the Swan River since he was a boy.

"After many years sailing where the Twelves are now sailing in conditions where the Cup is now being sailed, I didn't have any need to bone up on weather and wave data," explained Swarbrick. "I had a definite direction in which to take the design based on first-hand knowledge."

His first task was to design a virtual copy of Australia II, what is described as a "Courageous-style" canoe body with a winged keel. In 1984 this was the state-of-the-art 12-metre and any progress had to come from this point.

The story of how he obtained the Australia II lines is often told but bears repeating. The plans were for sale from the Bond syndicate—for an enormous fee. Swarbrick spotted a magazine photo of Ben Lexcen sitting at his drawing board working on what he knew were Aussie II plans.

Blowing up the photograph was easy enough and from that fragment of information Swarbrick had the spatial information he needed to expand the lines to cover a whole yacht. "No laws were broken, and we had what we needed," he laughed.

Around October 1985 the syndicate began to experiment with ultra-wide keels, up to a 3.6-metre span. "I began to see that keels were the key to the whole effort in Fremantle conditions," recalls Swarbrick.

When Conner began to map out his campaign for 1987 his overriding priority was to have the fastest boat; not an equal boat, not a competitive boat but the best. He believes that the Australians came in with a new and innovative idea, the winged-keel, that enabled them to win the cup.

A clever idea won it, as opposed to out-sailing the Master. Therefore the main thrust of the effort was to go into technological research. After doing the competition three times before Conner didn't feel he needed to match time sailing the heats with, as he puts it, the beginners.

The philosophy of the San Diego group was that they would not go to a particular designer or naval architect for the new yachts. Instead they would set up a team which Conner described as similar in approach to the pooled brain-power which produced the space shuttle and may yet produce the strategic defence initiative — Star Wars.

"It's very competent team members all doing their part and coming up with a product as opposed to going to a single naval architect — picking one out of a hat — and saying, Hey, draw me a boat — then saying your prayers that the yacht is the best." Conner said recently.

It may be unfair to call the campaign grandiose but it was certainly sweeping in its hardware requirements. Five 12-metre yachts were called for. Liberty, loser in '83, was summoned as a trialhorse of known speed and worth. A slow boat named Spirit of America was completely rebuilt below the deck and renamed Stars and Stripes '83. Three entirely new boats were constructed over a 15 month period; Stars and Stripes '85, Stars and Stripes '86, and finally Stars and Stripes '87.

It was an indication of the organisational intensity of the syndicate that the design group had to sign an agreement rather parallel to the notion of collective responsibility in a Cabinet. No matter who had designed a particular boat they were forbidden to ever make any comment other than that it was a joint effort.

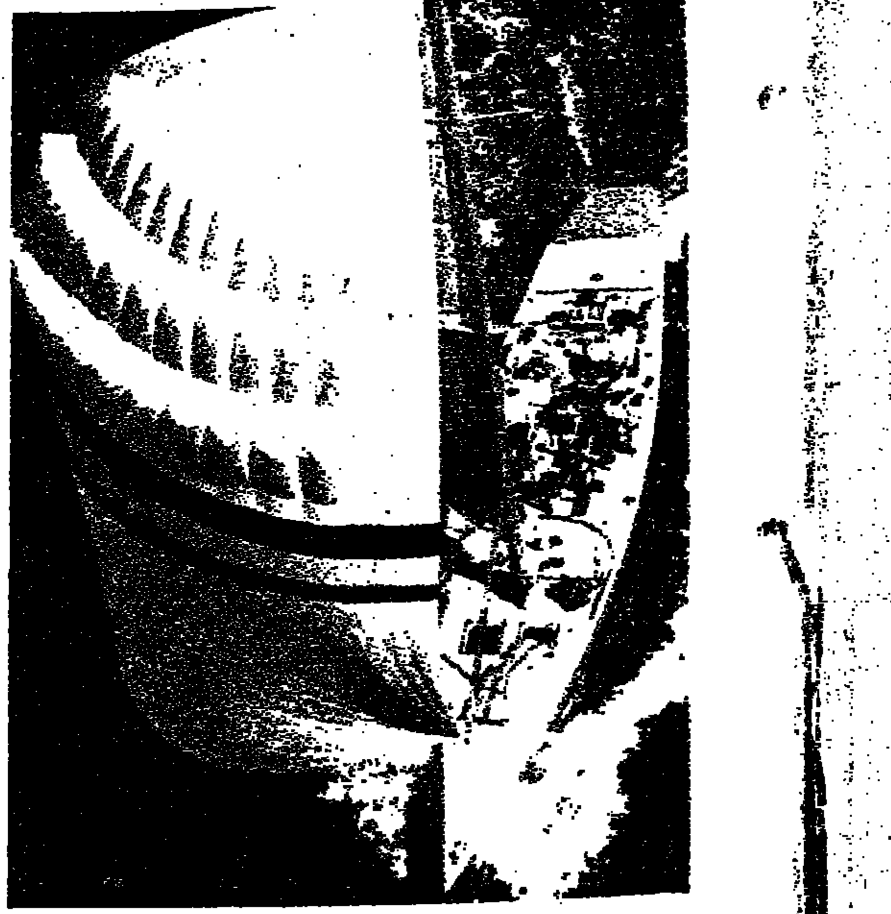
But what if the boats are equal, or so near to it that the difference is only discernible as a few squiggles on an on-board computer? Then comes pyschology, showmanship, and seamanship.

Conner sailing flamboyantly into Fremantle's Fishing Boat Harbour with his extraordinary wedding-cake spinnaker flying, and then pirouetting among the trawlers as he did earlier this week, is pure one-upmanship.

Murray's response is the icy clam that comes so naturally to him. At 28 the former 18-foot skiff world champion is so cool you could put him in your Gin and tonic.

When others doubted, Murray never for a moment wavered in the belief that he would be the defender. He put Bondy away 5-0.

For all the technology and Cool Hand Luke gunslinger's on the back of each boat, the biggest single factor may be the least controllable — the weather. Conner has made no secret of the fact that Stars and Stripes is optimised for winds of 16/17 knots and over. Kookaburra is much more of an all round performer.



Stars and Stripes: heading for victory?

Roger Badham, meteorologist for the Bond syndicate over the past two years and the man who used to forecast for Murray in his Sydney skiff days, is happy enough. "The strong seabreeze pattern is finished for the rest of February," said "Clouds," as Badham is always known. "I think it's going to be 15/16 knots most days." Weather to have a Kookaburra laughing.

Nick Garnett reports on the rugby professionals

League goes head-hunting

IN THE dour industrial towns straddling Britain's Pennine hills a breed of sportsmen—vilified not so long back as renegades—have watched the start of the home Rugby Union championships with particular attention.

Once Union players themselves, these are the men who in return for large wads of cash and the chance of building a new career or rekindling a dying one now ply their skills on the cruel northern pastures of Rugby League.

Some, like Terry Holmes, the former Welsh captain who went to Bradford Northern on an £80,000 three-year contract, and Gary Pearce, the Llanelli stand-off signed by Hull for £65,000 and a Ford XR3, represent the big-money transfers from the 15 to the 13 man code. Jonathan Davies, the gifted 24 year old Welsh captain, who is expressing some interest in turning professional if the impact on his bank balance is substantial enough, would be one of the biggest in such a tradition.

In the past many of these star signings have found the going remorselessly tough. None of the latest crop is finding it easy. Pearce, now 20 pounds lighter under the training régime at the Boulevard, is beginning to settle into League after a tortuous start.

"I was very surprised by the speed of the game. You are either tackling or attacking. There is no rest. One of the big differences with Union is that in League there are no easy games."

Pearce was thrown in at the deep end when Hull played the Australian touring side.

"I've never seen a side like that in either of the codes," says the 25 year old who played for Wales four times. "They were murder. Fast, powerful and just uncontrollable."

Other recent high cost signings into the hard brand of professionalism include Ray Mordt and Rob Louw, former Springboks temporarily abandoning the sunshine and servants of South Africa to play in the cherry and white hoops of high spending Wigan, a town where the huge numbers of unemployed vie for publicity with the club's astonishing cash reserves.

Louw is one of the few forwards who have made the switch. At almost 6 ft 3 inches he was the smallest player in the Springbok pack, but he finds himself one of the taller players in League football. Living in a house provided by the club, Louw has been struck by the antiquated nature of crumbling stadiums, the dreadful weather and the unemployed professional Wigan colt players who, he says, seem interested in picking up a trade.

The League game is sprinkled with a number of lesser Union names such as Phil Ford, the Bradford winger, and Bob Ackerman, playing second division football in the bleak Cumbrian outpost of Whitehaven.

In front of hatchet-faced Yorkshiremen and Lancastrians rarely willing to give a former Union player benefit of the doubt, many stars of the 15 man game have failed to cope, beaten by the physical requirements of continuous front-on tackling in which the ball is in play for 60 minutes a game, compared with the average of 20 minutes for Union.

David Watkins is one of a number of exceptions. The tiny fly half and Welsh captain eventually captained the Great Britain League side following his transfer from Newport to Salford in 1967 for the then enormous sum of £16,000, and the two years of unhappiness that followed before he took to the other game. In present day rugby, George Fairburn, the former Union player for the Scottish club of Kelso, has been a model professional as Hull Kingston Rovers' regular full-back.

The present clutch of former amateur players now find themselves playing a sport in which star billing has been hijacked by the battle hardened Australian League players on temporary signings with British clubs, and in which home-grown League players are commanding the biggest transfer fees. The recent £130,000 transfer of Andy Gregory, the Warrington and Great Britain scrum half, to Wigan, followed the £150,000 transfer of Ellery Hanley from Northern two seasons ago.

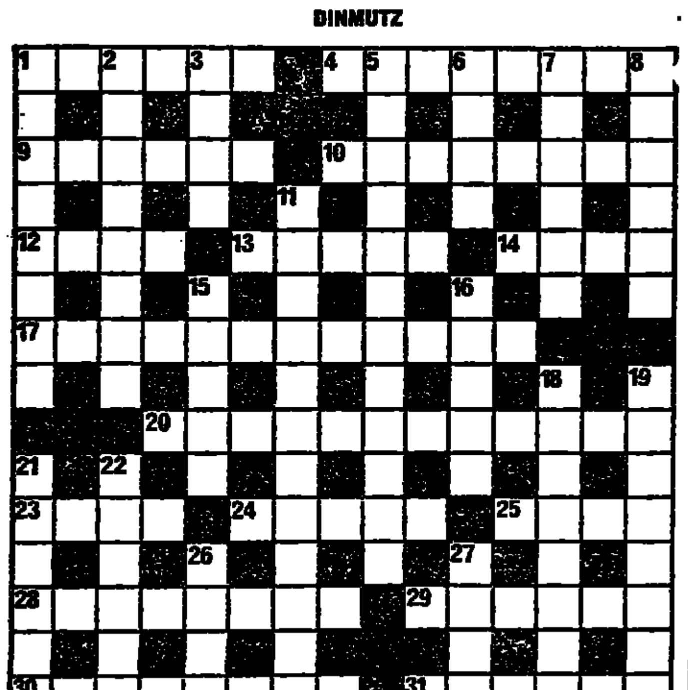
Holmes himself, the biggest signing from British rugby union for a long time, remains an enigma. Sometimes showing the class that made him one of the outstanding Union players of his generation, at other times he looks out of place in League, physically too big for the role of scrum half.

Some observers in the north take a dim view of the need to recruit from Union, seeing it as a sign of failure to develop enough home grown products. Others say it is unnecessary because of the availability of star crowd-pullers from the Sydney and Brisbane leagues.

Yet Leigh is one club advertising for potential recruits in British union strongholds, while the League coaches remain regular, if unwelcome observers on the rugby terraces of South Wales.

FT CROSSWORD PUZZLE No 6,241

DINMUTZ



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

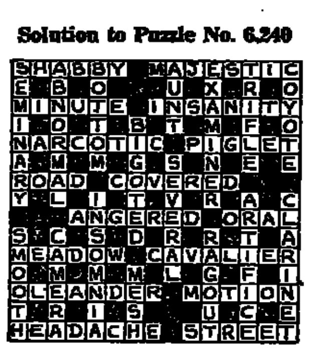
ACROSS

1 Warden converted Peter's brother (6)
4 Ring station perhaps and hear 10 (8)
9 England's openers leave gate in rapture (6)
10 Mean vocation but a starting-place at Wimbledon (8)
12 Offer is about right for Wren, say (4)
13 Its Oriental dishes cannot be taken out (5)
14 Flower of Spain observed in the Bronx (4)
17 Hardy she-bear dressed in buttons and bows (12)
20 Quirky, like conduct that can lead to union breakdown (12)
23 Bloody seldom (4)
24 Forest almost burning (5)
25 Set features? (4)
28 Turnberry Wood, for example (4,4)
29 Name in flaming Sunday best (6)
30 Late in the day for slack water (8)
31 This artist got it together with a circle (6)

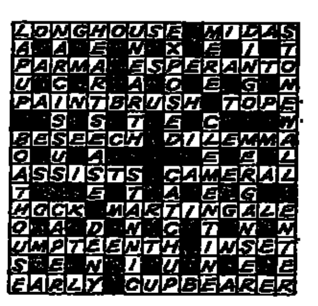
DOWN

1 Germans' way of turning bath on, gold-topped (8)
2 Bitter attack to help back Abu ben Adhem's followers (8)
3 Make an impression in the studio (4)
5 Aside from the apron? (5-7)
6 Holly is one above the law (4)
7 Hippy disposition of arms? (6)
8 In this state, aggregate has disappeared practically (6)
11 Square turned into a proud garden (6-6)
15 Operator telephoned primate (5)
16 General subsidy (5)
18 Like the good monk, Bede, in OT translation (8)
19 Nurse has two attempts at guard duty (6-2)
21 Broad accent of British scoundrel (6)
22 Salmon English girls cooked (6)
26 The last we see of deer? (4)
27 But she is not "The Bohemian Girl" (4)

Solution to Puzzle No. 6,240



SOLUTION AND WINNERS OF PUZZLE No 6,235



Dr I. S. Barker, Lancaster; Mr G A. Hanscomb, London W8; Mr H. A. Kimm, Pulborough, West Sussex; Mr Angus Pattullo, Glencarse, Perthshire; Mr A. Westcott, London NW3.

TELEVISION AND RADIO

SATURDAY

† Indicates programme in black and white

BBC 1

8.30 am The Hunter. 8.35 The Muppet Babies. 9.00 Saturday Superstore. 12.15 pm Grandstand including 12.20 Ski-ing; 12.50 News; 1.00 Racing from Cheltenham; 1.10 Football Focus; 1.35 Racing; 1.40 Football Focus; 2.10 Racing; 2.20 Snooker (Benson and Hedges Masters); 3.50 Half Time; 3.55 Rugby League (Silk Cut Challenge Cup); 4.35 Final Score. 5.05 News. 5.15 Regional programmes. 5.20 Perfect Strangers. 5.45 Jim'll Fix It. 6.20 Hi-De-Hi! 6.50 Bob's Full House. 7.25 The Paul Daniels Magic Show. 8.10 Bergerac. 9.05 Carrott Confidential. 9.40 News and Sport. 9.55 Match of the Day. 10.55 Snooker: The Benson and Hedges Masters.

BBC 2

10.10 am Open University. †2.00 pm Film: "A Woman's Secrets," starring Gloria Grahame, Maureen O'Hara and Melvyn Douglas. †3.20 Film: "On Dangerous Ground." starring Robert Ryan and Ida Lupino. 4.40 Snooker (first semi-final in the Masters Tournament). 5.45 World Ski-ing Championships. 6.15 Micro Live. 6.45 Newsview. 7.25 Maria Callas Gala Concert. 9.00 Saturday Review. 9.55 Film: "Johnny Guitar," starring Joan Crawford, Sterling Hayden and Mercedes McCambridge. 11.45-1.30 am Film: "Party Girl" Robert Taylor, Cyd Charisse and Lee J. Cobb star).

LONDON

6.55 am TV-am Breakfast Programme. 9.25 No 73. 11.00 The Outsiders. 12.00 News. 12.05 pm Saint and Greavsie. 12.30 Wrestling. 1.20 Chips. 2.15 Comedy Classic: Please Sir! 2.45 "The Four Feathers," starring Beau Bridges, Robert Powell, Simon Ward and Jane Seymour. 4.45 Results Service. 5.00 News.

5.05 Walt Disney presents. 5.15 Connections. 5.45 The A-Team. 6.45 Cannon and Ball. 7.15 Me and My Girl. 7.45 The Price Is Right. 8.45 News and Sport. 9.00 Dempsey and Makepeace. 10.00 Aspel and Company. 10.45 LWT News Headlines followed by "Damien—Omen II," starring William Holden. 12.40 am Glastonbury.

CHANNEL 4

9.25 am A Question of Economics. 9.50 Moneyspinner. 10.20 The Living Body. 10.45 The World—a television history. 11.15 The Last Sailors. 12.15 pm Isaura The Slave Girl. 12.55 World of Animation. 1.05 Channel 4 Racing from Doncaster. †3.10 "Broadway Melody Of 1936 (Eleanor Powell stars with Jack Benny). 5.05 Brookside Omnibus. 6.00 Right to Reply.

6.30 The Great Australian Boat Race: The America's Cup. 7.00 News Summary followed by Sing Out. 7.30 Bandung File. 8.15 There Is A Happy Land. 8.45 Map Of Dreams. †9.00 The Power Game. 9.55 4 Minutes. 10.00 An Audience with Mel Brooks. 11.00 The Enemy.

S4C WALES

10.30 am Opinions: The Red Flag. 11.00 A Week in Politics. 11.45 What the Papers Say. 12.00 The Marketing Mix. 12.30 pm Mavis on 4. 1.05 Racing from Doncaster. †3.10 Feature Film: "Happy Landing" 5.00 Citizen 2000. 6.00 Right To Reply.

6.30 The Great Australian Boat Race: The March of Time. 7.30 Newyddion. 7.50 Stumiau. 8.20 Bwrlwm Bro. 9.20 Y Maes Chwarae. 10.40 Soap. 11.10 Feature Film: "The Deadly Affair," starring James Mason, Maximilian Schell and Simone Signoret.

IBA Regions as London except at the following times:—

ANGLIA

11.00 am Tarzan. 1.20 Scarecrow and Mrs King. 12.40 Epilogue.

BORDER

11.00 am Spiderwoman. 11.30 Pick A Number. 1.20 pm Curling: Bank of Scotland Scottish Junior Curling Championships.

CHANNEL

9.25 am No 73. 11.00 Tarzan. 11.59 Today's Weather. 1.20 pm The Fall Guy. 12.45 am Midem Trophies Gala, part 1.

The Enemy, C4, 11 pm

GRAMPIAN

11.00 am UFO. 1.20 pm Curling (The Bank of Scotland Scottish Junior Championships). 5.15 Blockbusters. 12.45 am Reflections.

GRANADA

11.05 am The Greatest American Hero. 1.20 pm UFO. 2.15 Small Wonder. 12.40 am Special Session: Ruby Turner sings live with her band.

HTV

11.00 am UFO. 11.58 HTV News. 1.20 The Fall Guy. 12.45 am Saturday Night Music (Al Stewart).

SCOTTISH

11.00 am Fireball XL5. 11.25 Aubrey. 11.30 The Smurfs. 1.20 pm Curling (Bank of Scotland and Scottish Junior Curling Championships). 5.15 Blockbusters. 12.45 am Late Call.

TSW

11.00 am Gus Honeybun's Magic Birthdays. 11.03 Chips. 11.57 TSW News. 1.20 pm The Fall Guy. 2.15 City Safari. 5.05 Newsport. 5.10 Blockbusters. 5.40 Gus Honeybun's Magic Birthdays. 12.45 am Postscript.

TVS

11.00 am Tarzan. 11.57 TVS Weather. 1.20 pm The Fall Guy. 5.15 Blockbusters. 12.45 am Midem Trophies Gala from Cannes. 1.30 Company.

TYNE TEES

11.00 am U.F.O. 11.55 Lookaround. 1.20 pm Tucker's Witch. 12.45 am Poetry Of The People.

ULSTER

11.00 am The Outsiders. 11.58 Lunchtime News. 1.20 pm UFO. 4.55 Sports Results. 5.03 Ulster News. 8.57 Ulster News. 12.40 am News at Bedtime.

YORKSHIRE

11.00 am Simon and Simon. 1.20 pm Scarecrow and Mrs King. 12.45 am Jobfinder.

Stereo on VHF

BBC RADIO 2

8.05 am David Jacobs. 10.00 Sounds of the 60s. 11.00 Album Time. 1.00 pm Pull the Other One. 1.30 Sport on 2: Football (FA Cup Fourth Round); Athletics (The Peugeot Talbot Games); Racing at Cheltenham; Rugby League (Silk Cut Challenge Cup); America's Cup; Snooker (The Benson and Hedges Masters); World Cup Skiing from Crans-Montana; 5.00 Sports Report.

6.00 I'm Sorry I Haven't a Clue. 6.30 Look What They've Done To My Song. 7.00 The Conch Quiz. 7.30 A Night at the Opera. 9.30 String Sound. 10.05 Martin Kelner. 12.05 am Night Owls with Dave Gelly. 1.00 Bill Rennells presents Nightride. 3.00-4.00 A Little Night Music.

BBC RADIO 3

7.00 am News. 7.05 Aubade. 9.00 News. 9.05 Record Review. 10.15 Stereo Release. 11.20 Chicago Symphony Orchestra conducted by Sir Georg Solti: Haydn (Symphony No 95) (11.45 Interval Reading). 11.50 Bruckner (Symphony No 7). 1.00 pm News. 1.05 Takacs String Quartet: Haydn (Op 33 No 2 in E flat) and Beethoven (Op 18 No 4 in C minor). 1.50 Schubert: Die Schone Mullerin (Olaf Baer sings the song cycle). 3.00 Bruno Walter recordings: Strauss (Don Juan, mono), Mozart (Madamina from Don Giovanni, mono), Haydn (Symphony No 88), Beethoven (Triple Concerto and Symphony No 4, both mono). 5.00 Jazz Record Requests. 5.45 Critics' Forum. 6.35 'T Nederlandse Orgel. 7.35 Saar Radio Symphony Orchestra, part 2: Mahler (Symphony No 5). 9.30 with Gidon Kremer). 8.05 His Wife (story by Chekov). 8.20 Saar RSO, part 2: Mahler(Symphony No 5). 9.30 A Canal Too Far. 10.30 Richard Rodney Bennett: "Vocalise" sung by Jane Manning. 10.40 The Bracknell Jazz Festival: John Stevens' Freebop. 11.40 Earl Hines on records. 11.57-12.00 News.

BBC RADIO 4

7.00 am Today. 9.00 News. 9.05 Sport On 4. 9.30 Breakaway. 10.00 News; Loose Ends with Ned Sherrin and guests. 11.00 The Week In Westminster. 11.25 From Our Own Correspondent. 11.55 The Weekend On 4. 12.00 News; Money Box. 12.27 pm The News Quiz (s). 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping forecast. 2.00 News; Dilys Powell's History Of The British Cinema (s). 2.30 The Afternoon Play (s). 3.45 Cascades And Applegrove.

4.00 News; International Assignment. 4.30 Science Now. 5.00 The Living World. 5.25 Week Ending. 5.50 Shipping forecast. 5.55 Weather; Travel. 6.00 News; Sports round-up. 6.25 Stop The Week With Robert Robinson (s). 7.00 Saturday Night Theatre (s). 8.30 Baker's Dozen (s). 9.30 Thriller! 9.50 Ten To Ten (s). 9.58 Weather. 10.00 News. 10.15 The Saturday Feature. 10.45 The Enthusiasts. 11.00 Tales From The Mausoleum Club (s). 11.30 The Cabaret Upstairs (s). 12.00-12.15 am News.

SUNDAY

† Indicates programmes in black and white

BBC 1

8.55 am Play School. 9.15 Morning Worship from Bamford Chapel, near Rochdale. 10.00 Asian Magazine. 10.30 Take Nobody's Word For It. 10.55 Buongiorno Italia! (Italian for beginners). 11.20 Lyn Marshal's Everyday Yoga. 11.30 Parent Programme. 11.45 Telejournal. 12.10 pm See Hear! 12.35 Farming. 12.58 Weather for Farmers. 1.00 This Week Next Week.

2.00 EastEnders (Omnibus edition). 3.00 Snooker (The Benson and Hedges Masters). 5.40 Antiques Roadshow from Bath. 6.25 News. 6.40 Songs of Praise. 7.15 Last of the Summer Wine. 7.45 Miss Marple: At Bertram's Hotel. 8.40 Mastermind. 9.10 News. 9.25 That's Life! 10.10 Everyman. Bread and Roses. 10.50 Snooker.

BBC 2

11.40 am Film: "Beautiful People." 1.10 pm No Limits. 1.40 Rugby Special. 2.20 The Week in The Lords. 3.00 Film: "In Name Only" starring Cary Grant. 4.30 Music in Camera. 5.05 Thinking Aloud. 5.45 Ski Sunday. 6.30 The Money Programme. 7.15 Seventy Summers. 7.45 The Natural World. 8.35 Cricket (highlights). 9.25 Did You See . . . ? 10.10 Screen Two: East of Ipswich. 11.25-12.50 am Film: "The Human Jungle" starring Gary Merrill and Jan Sterling.

LONDON

6.55 am TV-am Breakfast Programme. 9.25 Wake Up London. 9.30 Fraggle Rock. 10.00 No 73. 10.30 The Adventures of Black Beauty. 11.00 Morning Worship. 12.00 Weekend World. 1.00 pm Police 5. 1.15 The Smurfs. 1.30 Link. 2.00 LWT News Headlines followed by Encounter. 2.30 The Big Match Live. 4.30 A Little Princess. 5.00 City Safari.

5.30 Bullseye. 6.00 The Television Show. 6.30 News. 6.40 Appeal. 6.45 Highway. 7.15 Catchphrase. 7.45 Surprise Surprise. 8.45 Crazy Like A Fox. 9.45 News. 10.00 The World According to Smith & Jones. 10.30 The South Bank Show. 11.30 LWT News Headlines followed by End of Empire.

CHANNEL 4

9.25 am Sunday East followed by Deewarain. 10.00 The World This Week. 11.00 Worzel Gummidge. 11.30 The Waltons. 12.30 pm The Tube. 2.00 Pob's Programme. 2.30 Viva Verona: "Turandot" (Puccini's last opera). 4.35 Woody Woodpecker.

4.45 Robinson Country. 5.15 News Summary followed by The Business Programme. 6.15 Australian Rules Football. 7.15 The World At War. 8.15 State of the Art. 9.15 A Fortunate Life. 11.00 "A Midsummer Night's Sex Comedy" starring Woody Allen, Mia Farrow, Mary Steenburgen and Jose Ferrer.

S4C WALES

9.00 am Hafoc. 10.00 The World This Week. 11.00 Worzel Gummidge. 11.30 The Waltons. 12.30 pm The Tube. 2.00 Viva Verona: "Il Trovatore." 4.45 Arwyddion Flyrdd. 5.15 The Business Programme. 6.15 Australian Rules Football. 7.15 Wil Cwac Cwac.

7.20 Newyddion. 7.30 Cadwyn Cerdd. 8.00 Pobol y Cwm. 8.30 Dechrau Canu. Dechrau Canmol. 9.00 Rhaglen Hywel Gwynfryn. 9.35 A Fortunate Life. 11.20 Snwcer.

IBA Regions as London except at the following times:—

ANGLIA

9.25 am Cartoon. †11.00 pm The Beverly Hillbillies. 1.25 Weather Trends. 1.30 Farming Diary. 12.30 am Epilogue.

BORDER

9.25 am Border Diary. 1.00 pm Farming Outlook.

CENTRAL

9.25 am Max The 2000 Year Old Mouse. 1.00 pm Link. 1.30 Here and Now. 12.30 am Central Jobfinder '87.

CHANNEL

9.25 am Today's Weather. 9.28 Starting Point. 1.00 pm Les Francais Chez-Vous. 1.30 Farm Focus. 6.25 Channel News Headlines.

GRANADA

9.25 am Max, the 2000-year-old Mouse. 1.00 pm Members Only. 1.05 Aap Kaa Hak. 1.10 Wish You Were Here . . .? 1.40 This Is Your Right. 11.30 Hotel.

GRAMPIAN

9.25 am Cartoon. 11.00 Sunday Service. 11.30 A Full Life (Robert Maxwell). 1.00 pm Farming Outlook. 1.30 Country Ways. 2.30 Scotsport (Aberdeen v Celtic). 5.00 A Little Princess. 5.30 City Safari. 12.30 am Reflections.

HTV

9.25 am Max the 2000 Year Old Mouse. 1.00 pm Farming Wales followed by Weather for Farmers. 1.30 Link. 6.35 HTV News.

SCOTTISH

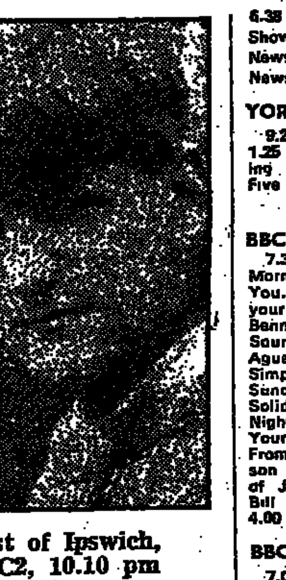
9.25 am Peter's Adventures. 11.00 Sunday Service from Queen's Park Baptist Church in Glasgow. 11.25 Cartoon. 11.30 Farming Outlook. 1.00 pm The Glen Michael Cavalcade. 2.00 Cross Current. 2.30 Scotsport Cup-tie Special. 5.00 A Little Princess. 5.30 City Safari. 12.30 am Late Call.

TSW

9.25 am Look and See. 1.00 pm Postscript Diary. 1.05 The South West Week. 1.30 Farming News. 4.30 Gardens for All. 5.00 A Little Princess. 6.35 TSW News.

TVS

9.25 am Employment Action. 1.00 pm Agenda. 1.30 Farm Focus. 5.25 TVS News. 12.30 am Company.



East of Ipswich, BBC2, 10.10 pm

TYNE TEES

9.25 am Hello Sunday. 1.00 pm Farming Outlook. 12.30 am Epilogue.

ULSTER

9.25 am Cartoon Time. 11.00 Happy Birthday Comrade Martin. 12.58 pm Lunchtime News. 1.00 Link. 1.30 Farming Ulster. 1.58 Farming Weather. 6.30 Ulster News. 8.45 The Cosby Show. 9.15 Sing Out. 9.57 Ulster News. 12.25 am Sports Results. 12.30 News At Bedtime.

YORKSHIRE

9.25 am Cartoon Time. 1.00 pm Link. 1.25 Farming Diary, followed by Farming and Industry Weather. 12.30 am Five Minutes. 12.35 Jobfinder.

Stereo on VHF

BBC RADIO 2

7.30 am Roger Royle says Good Morning Sunday. 9.05 Melodies For You. 11.00 Desmond Carrington with your Radio 2 All-Time Greats. 2.00 pm Benny Green. 3.00 Alan Dell with Sounds Easy. 4.00 The Guitars of the Aguado Duo. 4.30 Sing Something Simple. 5.00 Charlie Chester with your Sunday Soapbox. 7.00 Vince Hill's Solid Gold Music Show. 7.30 Operetta Nights. 8.30 Sunday Half-Hour. 9.00 Your Hundred Best Tunes. 10.05 Songs From The Shows. 10.45 Clifford Benson . . . at the piano. 11.00 Sounds of Jazz with Tony Russell. 1.00 am Bill Rennells presents Nightride. 3.00-4.00 A Little Night Music.

BBC RADIO 3

7.00 am News. 7.05 La Petite Bande perform Rameau's "Pygmalion". 8.00 The Musician's Musician (the violinist Arthur Grumiaux). 9.00 News. 9.05 Your Concert Choice. 10.30 Music Weekly. 11.15 Sequeira Costa: piano recital. 12.15 pm From The Proms 86. Harrison Birtwistle's "Earth Dances," played by the BBC Symphony Orchestra. 1.00 Early Romantic Operas: Rossini's opera "William Tell" sung in Italian with Sherrill Milnes in the title role (Acts 1 and 2 (2.20-2.25 Interval Reading). 3.25 Poetry Now. 3.45 "William Tell" Acts 3 and 4. 5.30 New Premises (Arts review with Nigel Andrews). 6.15 Envy, Hatred and Malice. (Rodney Milnes explores themes in opera). 6.45 Liszt and the piano. 7.35 Scottish Chamber Orchestra, part 1: Beethoven (Symphony No. 2), Robert Saxton (Viola Concerto, with Paul Silverthorne). 8.30 An Ulm Among the Chamber Pots. (Peter Pulzer on the satirist Karl Kraus.) 8.50 Scottish CO, part 2: Beethoven (Symphony No. 7). 9.30 Self-Discovered: The Lyrical Schoenberg. 10.40 Ries and Hummel, chamber music. 11.57-12.00 News.

BBC RADIO 4

7.40 am Sunday, including 7.55 Weather; Travel. 8.00 News. 8.10 Sunday Papers. 8.50 The Week's Good Cause (Dick Sharples talks about work among breast cancer victims). 9.00 News. 9.10 Sunday Papers. 9.15 Letter From America by Alistair Cooke. 9.30 Morning Service. 10.15 The Archers (Omnibus edition). 11.15 Pick of the Week (S). 12.15 pm Desert Island Discs (S). 12.55 Weather. 1.00 The World This Weekend. 1.55 Shipping Forecast. 2.00 News; Gardeners' Question Time. 2.30 The Afternoon Play (S). 3.30 Heritage. 4.30 The Natural History Programme. 5.00 News; Travel. 5.05 Down Your Way. 5.50 Weather; Travel. 6.00 News. 6.15 Weekend. 6.55 VSO: Manle Collins. 7.00 [illegible] 8.00 Bookshelf. 8.30 [illegible] (S). 9.00 News. [illegible] 9.58 Weather; Travel. 10.00 News. 10.15 The Sunday Feature. (1) China. 11.00 [illegible] 11.15 In Committee. 12.00 am News.